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# **Daily Report**

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## **China**

**FBIS-CHI-88-148**  
**Tuesday**  
**2 August 1988**

# Daily Report

## China

FBIS-CHI-88-148

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## General

### Wind Energy Symposium Opens in Shanghai

OW0208025788 Beijing XINHUA in English  
1414 GMT 1 Aug 88

[Text] Shanghai, August 1 (XINHUA)—An Asia-Pacific wind energy symposium opened today in Shanghai. Attending are 15 experts from countries, including the United States, Japan, the Soviet Union, India, Egypt, Britain, Denmark, Federal Germany, Romania, and China.

The symposium will promote exchanges and cooperation among countries in the Asia and Pacific area in the field of wind energy technology, said an organizing official.

More than 100 papers will be presented to the 3-day gathering.

Small wind-driven power generators are widely used in China's Tibet and Inner Mongolia autonomous regions, and Qinghai and Gansu Provinces, a symposium official said.

The symposium is sponsored by the China Wind Energy Center, the Shanghai Association for Science and Technology, and two Japanese organizations.

### Inner Mongolia Trades With East Bloc

OW0108130188 Beijing XINHUA Domestic Service  
in Chinese 2315 GMT 26 Jul 88

[By reporter Zhao Kang]

[Text] Hohhot, 27 Jul (XINHUA)—To expedite its commodity economy's development, Inner Mongolia has adopted a new economic development pattern that opens Inner Mongolia to other parts of the country as well as the outside world in all fields.

While the Inner Mongolian Autonomous Region has made some progress in expediting economic development in recent years, the region still lags far behind other provinces and autonomous region in terms of growth. To give full scope to the region's resources and accelerate the economic development, the autonomous region, after thorough research, has adopted the economic strategy of exporting its resources and products abroad as well as to other parts of the country.

Based on this strategy, Inner Mongolia decided, first of all, to open wide its door. Aiming at the international market, the region, in addition to taking advantage of its two border ports—Manzhouli and Erenhot—has gradually opened all border banners and counties that have the resources for foreign and border trade. Through the channels in these places, it has been exporting Chinese-made light industrial goods, textile products, electronic goods, and foodstuffs, as well as special and famous products; and importing from abroad chemical fertilizer,

rolled steel, timber, machinery, and electrical equipment the region and the country need. Currently, 14 foreign trade corporations in the region have already had direct trade relations with the Soviet Union and Eastern European countries. So far the region has earned \$620 million from export and brought in 540 million yuan of capital.

To open to other parts of the country and speed up commodity production in the rural and pastoral areas, the region has mobilized all farmers and herdsmen to do away with the small production mentality characterized by having "a few trees at the door, a small plot behind the house, and a pig in the pen." Guided by the economic strategy of regarding each banner or county as an individual unit, the autonomous region has gone all out to promote the establishment of independent economies, privately operated economies, and township enterprises. In view of the fact that the region is inhabited by minority nationalities and in the spirit of "opening up," "conceding benefits," and "being flexible," the region's township enterprises have made daring breakthroughs in terms of mapping out policies and adopted three strategic changes: Instead of simply relying on more enterprises' outward development [wai yan fa zhan 1120 1693 4099 1455], it now attaches equal importance to both inward and outward development; instead of decentralizing operation, it has now combined specialized and socialized operation; and instead of relying simply on the market within the region, it has now been developing the market inside and outside the region as well as the market at home and abroad. During the January-May period, the total revenues of the region's township enterprises exceeded 970 million yuan, which was an increase of 20 percent over 1987, whereas the revenues of 1987 were over 30 percent higher than 1986.

Early this year, for the purpose of gaining more experiences needed for achieving all-around development, the autonomous region, with the approval of the State Council, designated Hulun Buir League in the east and Wuhai City in the west as experimental zones for economic reform. Beginning with these two places, the region expects that the entire region will one day engage in experiments for overall development.

## United States & Canada

### U.S. Considers PRC Satellite-Launching Offer

OW0208051488 Beijing XINHUA in English  
0025 GMT 2 Aug 88

[Text] Washington, August 1 (XINHUA)—The U.S. State Department has been asked to approve export licenses to ship U.S.-built communications satellites to China for launch on the Long March rocket, prompting a major review of U.S. technology transfer policy.

Asiasat, a British/Chinese consortium, asked for approval to launch the refurbished Westar 6 satellite on Long March in early 1990 in the first request, filed July 12. The second, filed July 15 includes two Hughes

Aircraft Co. satellites that are being built for Aussat, the Australian satellite company. A third request was submitted by the International Telecommunications Satellite Organization for guidance on use of the Long March.

According to the AVIATION WEEK AND SPACE TECHNOLOGY today, the filings are the first formal requests received by the U.S. State Department for satellite export licenses to China.

An official told one of the applicants that a decision is expected by late September on the licenses, which must be approved by the Office of Munitions Control. However, the process is subject to interagency review, which in the past has frequently resulted in space policy decision delays.

The requests have triggered a review of U.S. policy toward launch of U.S.-manufactured satellites on Chinese launch vehicles by the White House Senior Interagency Group on Space.

The satellites are on the list of restricted technologies subject to Office of Munitions Control approval for export. However, China is not on the list of restricted countries, but it is subject to review on a case-by-case basis.

Chinese space industry officials have been stressing the point that China only provides launching services for foreign satellites and no transfer of technology is involved.

**Fulbright Foundation Team Visits Liaoning**  
*SK0108113788 Shenyang LIAONING RIBAO  
in Chinese 15 Jul 88 p 1*

[Text] On 13 July, the Liaoning Educational College held a meeting to welcome the educational observation team of the Fulbright Foundation of the United States, as well as educational specialists of the U.S.-Chinese Federation on Teacher-Training Education in the United States. The 22-member educational observation team of the U.S. Fulbright Foundation is composed of presidents of universities and colleges in four localities and 22 specialists of the United States. As demanded by the U.S. side, during the team's stay in Shenyang, pertinent specialists and scholars of our province will be invited to hold seminars on politics, the economy, education, culture and art, geographical conditions and scenes, maternity and child care work, sports, and the public health of China. At the same time, the observation team will visit universities and colleges, plants, rural areas, and scenic spots and historical sites.

**U.S. Report Stresses Secretary of State's Role**  
*OW0208090188 Beijing XINHUA in English  
0626 GMT 1 Aug 88*

[Text] Washington, July 31 (XINHUA)—A new U.S. president should make the secretary of state his "principal lieutenant" in foreign policy and let the national security adviser have the advisory role of assistance and coordination, a report recommended today.

The report, entitled "Transferring responsibility: the dangers of transition," was prepared for the new president to maintain the "coherence and consistency" in foreign policy by avoiding possible conflicts between the secretary of state and the national security adviser, who has an increasing role under President Ronald Reagan.

Prepared by the Commission on Presidential Transitions and Foreign Policy headed by former U.S. Secretaries of State Cyrus Vance and William Rogers, the report noted the disputes between the national security adviser and the State Department involving the administrations of former Presidents Richard Nixon and Jimmy Carter and of President Reagan.

The commission said that key foreign policy officials should be selected promptly by the new administration and that key presidential foreign policy documents should be reproduced for the incoming president.

The report suggests that pre-inaugural meetings between representatives of the incoming administration and foreign diplomats be sharply limited and that a pool of potential foreign policy appointees be built immediately after the political party conventions.

During a presidential campaign, candidates should mind "the number and scope of promises" they make in foreign policy. "Some political promises which bring success in the election may produce failure in office," the report warns.

**Soviet Union**

**Soviet Trade Delegation Visits Heilongjiang**  
*SK0108053288 Harbin HEILONGJIANG RIBAO  
in Chinese 18 Jul 88 p 1*

[Text] At the invitation of the provincial Sino-Soviet Friendship Association, the four-member trade delegation of the Soviet Union's Irkutsk Oblast, headed by (Kutekin), vice chairman of the oblast executive committee, concluded its 6-17 July tour of Heilongjiang Province and left Harbin City for home on 17 July. During the visit, Chen Yunlin and Du Xianzhong, vice governors of the province, and Wang Yaochen, vice chairman of the provincial Sino-Soviet Friendship Association, received the members of the Soviet oblast delegation. Responsible persons from the provincial economic and trade departments also held talks with the Soviet side on friendly contacts and economic and trade cooperation between the oblast and the province.

**Northeast Asia**

**Official Interviewed on Seoul Olympics**  
*OW0108082388 Beijing in Japanese to Japan  
0930 GMT 31 Jul 88*

[Interview with State Physical Culture and Sports Commission Chairman Li Menghua on Seoul Olympics]

[Text] It is less than 1 and 1/2 months before the opening of the 24th Summer Olympics. State Physical Culture and Sports Commission Chairman Li Menghua recently

gave an interview to the sports newspaper ZHONGGUO TIYU BAO on China's participation in the Olympics. We will now report on the interview.

In the upcoming 24th Olympics, China will be sending a delegation of 443 members, including 301 athletes. The size of the delegation surpasses that to the 23rd Olympics by about 100 members. On this, Li Menghua said that the increase in the size of the delegation signifies that in the 4 years since the 23rd Olympics, Chinese sports have advanced considerably. In the Los Angeles Olympics of 1984, China participated in 16 out of the 21 official events, excluding boxing, soccer, equestrian events, hockey, and modern pentathlon. But in the upcoming 24th Olympics, China will also participate in soccer, boxing, modern pentathlon, and table tennis, making a total of 20 events. According to concerned sources, the Chinese delegation to the 1988 Olympics will be a relatively large one, the 10th largest in terms of number of athletes.

Meanwhile, the Taipei Olympic Committee of Taiwan recently announced that it will send a delegation of 133 members, including 90 athletes participating in 12 events. When asked for his comments on this, Li Menghua said: We are very happy that the Taiwan compatriots are sending a delegation twice the size of that in the last Olympics. While sincerely wishing that they will score brilliant records, I also fervently hope that athletes from both sides of the Taiwan Strait will exchange sports techniques at the Olympics, deepen their friendship, and together raise the level of sports in the PRC. We would also like to see direct sports exchanges between the two sides of the Taiwan Strait. We hope to welcome Taiwan sports officials and athletes on the mainland in the near future.

Then, in answer to a reporter's query on whether China's participation in the 24th Olympics violates Chinese position on the Korean peninsula, Li Menghua said: This is perfectly consistent with China's position. We consistently support the DPRK's just position on the independent, peaceful reunification of the motherland. This position will not change under whatever conditions. The Chinese Olympic Committee is a member of the International Olympic Committee [IOC]. In accordance with the rules of the International Olympic Charter, China will participate in the upcoming Olympics in order to deepen Chinese athletes' friendship with athletes from all countries of the world and help in advancing the world Olympic movement.

Incidentally, in the 23d Olympics in Los Angeles, Chinese athletes made a very good showing. Recently, the Chinese mass media, including newspapers and television, conducted various public opinion polls and made projections on the Chinese delegation's showing in the 24th Olympics. On this subject, Li Menghua said: At the Los Angeles Olympics, Chinese athletes won 32 medals, including 15 golds. The overall performance was among the top six. In the upcoming Olympics, since the major

powers in the various sports events will all be participating, medals will be much harder to win. Compared with the last Olympics, although the caliber of the Chinese delegation will be higher than last time and the athletes have exerted their best efforts in order to make an even better showing, the number of medals that we can hope to win may not equal that of the last Olympics, or may even be less than last time. As to overall performance, at this time it is hard to predict what ranking we will be able to achieve.

Finally, Li Menghua gave his views on the subject of holding the 2000 Olympics at the end of this century. He said: Due to China's international position and influence and its sports achievements, in recent years various personages of international sports circles have expressed their hope that the Olympics be held in China at an opportune time. We have already forwarded a plan on holding the 2000 Olympics in China and continue to study such a possibility. However, whether such a plan can be realized will entirely depend on such conditions as China's economic construction, cultural advancement, the level of achievement in sports, and the disposition of the various countries and the IOC. Therefore, the important thing is to make the 11th Asian Games to be held in Beijing in 1990 a success and obtain the experience and create the conditions for holding the Olympics.

**Foreign Ministry on DPRK-S. Korea Dialogue**  
*OW0208075388 Beijing XINHUA in English*  
*0739 GMT 2 Aug 88*

[“China Welcomes Dialogue Between Two Sides in Korea”—XINHUA headline]

[Text] Beijing, August 2 (XINHUA)—A Chinese Foreign Ministry spokesman said here today that “it will be a welcome sign if the two sides in Korea can sit down together and hold talks. China has always stood for contact and dialogue between the two sides.”

The spokesman made these remarks while he was asked to comment on the fact that the two Korean sides are making preparations for a joint parliamentary meeting to discuss a non-aggression pact.

**DPRK Agrees to Talks With S. Korea on Olympics**  
*OW0108120688 Beijing XINHUA in English 0727*  
*GMT 1 Aug 88*

[Text] Beijing, August 1 (XINHUA)—The North side of Korea has accepted a letter from South Korea's National Assembly proposing joint talks on Pyongyang's participation in the Seoul Olympic Games, according to a report from Seoul.

The report quoted South Korean parliamentary officials as saying the letter, signed by Speaker Kim Chae-sun and addressed to the chairman of the Standing Committee of the DPRK Supreme People's Assembly, Yang Hyong-sop, was delivered in the border village Panmunjom today.

The talks, to be held by 15 delegates from each side in Panmunjom on a day next week were to discuss a non-aggression arrangement and a DPRK demand for co-hosting the Olympics.

#### DPRK Appeals to U.S. for Better Relations

*OW0108135688 Beijing XINHUA in English  
1015 GMT 1 Aug 88*

[Text] Pyongyang, August 1 (XINHUA)—The Korean party paper NODONG SINMUN in an editorial today appealed to the United States to improve relations with the Democratic People's Republic of Korea (DPRK) as early as possible.

The editorial asked the United States to respond to the DPRK Supreme People's Assembly's July 20 proposal for talks between the DPRK and the United States.

It said the situation on the Korean peninsula has always been unstable over the past 35 years of the Korean armistice. The North side of Korea has made many contacts and carried out dialogues with South Korea to achieve stability and peace on the peninsula. But all these efforts have failed to achieve results.

Such a failure, the editorial said, was caused by U.S. hostility toward the DPRK. Therefore, it said the United States should sit together with the DPRK as quickly as possible to discuss issues on the improvement of relations between the two countries.

The editorial suggested that the Korean armistice agreement be changed into an agreement of peace in order to relax tensions on the peninsula and realize the reunification of Korea.

"The United States should conclude a peace agreement with us and end the past hostility," the editorial said. It also asked the U.S. not to hesitate in opening a new page in Korean-U.S. relations in accordance with the world desire for peace.

#### DPRK Ambassador Holds Beijing News Conference

*OW0208083188 Beijing XINHUA in English  
0749 GMT 2 Aug 88*

[Text] Beijing, August 2 (XINHUA)—Choe Bong-chol, interim charge d'affaires of the Embassy of the Democratic People's Republic of Korea (DPRK), gave a press conference here today on the meeting of the Standing Committee of the Supreme People's Assembly of the DPRK on July 20.

He said that the meeting discussed practical measures to be taken to ease tensions and guarantee a durable peace on the Korean peninsula, and adopted drafts of letters to be sent to the South Korean National Assembly and the Congress of the United States.

The letters were in regard to the suggestion of holding North-South parliamentary talks and DPRK-USA bilateral talks, Choe Bong-chol said.

#### Chinese Peace Delegate Speaks at Japanese Rally

*OW0208061288 Beijing XINHUA in English  
1432 GMT 1 Aug 88*

[Text] Tokyo, August 1 (XINHUA)—The annual international conference of the Japan Congress against Atomic and Hydrogen Bombs (Gensuikin) opened here today with an appeal for continued peace efforts to eventually realize a nuclear-free world.

Some 40 delegates from 24 countries and regions, together with nearly 200 Japanese antinuclear activists, attended the conference marking the 43rd anniversary of the atomic bombings of Hiroshima and Nagasaki.

While expressing his cautious welcome to the U.S.-Soviet treaty on abolishing intermediate-range nuclear forces (INF), Chinese delegate Qian Dadong told the conference that the two superpowers are now stepping up the development of new sophisticated weapons.

"We have to be deeply concerned about this new trend of such kind of an arms race," warned Qian, an official of the Chinese People's Association for Peace and Disarmament.

He said the world is still filled with conflicts as military expenditures worldwide total 1,000 billion U.S. dollars every year, an amount almost the same as foreign debts owned by developing countries.

Ryo Maeno of the Japan Socialist Party-affiliated Gensuikin called for discussions on scrapping all nuclear weapons, creating an Asia-Pacific nuclear-free zone, and eliminating nuclear power plants.

Drawing the attention of the participants to the fact that Japan's military spending ranks fourth in the world, Maeno said that with highly computerized and offensive buildup, the Japanese "Self-Defense" Forces are now organized to be able to launch high-level joint operations in U.S. ocean strategy as everyday occurrences.

Citing proposed flights carrying weapons-grade plutonium from France and Britain to Japan for use in nuclear power plants, he warned that Japan is now on the verge of becoming a "nuclear-controlled" nation.

"There is a growing danger that the government's support for nuclear deterrence could lead to Japan possessing nuclear weapons," he said.

Other delegates to the conference, which will last 9 days, also called for a struggle for denuclearization, disarmament, independence and the establishment of a humanistic society and culture.

### Southeast Asia & Pacific

#### Sihanouk Leaves Beijing for Pyongyang 1 Aug *OW0108120088 Beijing XINHUA in English 0545 GMT 1 Aug 88*

[Text] Beijing, August 1 (XINHUA)—Samdech Norodom Sihanouk and Madame Sihanouk left here for Pyongyang by air this morning.

They were seen off at the airport by Liu Shuqing, Chinese vice-minister of foreign affairs, and diplomatic envoys of some countries here.

#### Arrives in DPRK *OW0108121088 Beijing XINHUA in English 0725 GMT 1 Aug 88*

[Text] Pyongyang, August 1 (XINHUA)—Samdech Norodom Sihanouk and his wife Monique flew in from Beijing today for a short visit to the Democratic People's Republic of Korea (DPRK).

The Samdech was met at the airport by the DPRK Vice-Premier and Foreign Minister Kim Yong-nam and Vice Foreign Minister Kim Hyong-yul.

Sihanouk and his wife were presented flowers by two Korean children and reviewed a guard of honour of three services of the Korean People's Army.

They were greeted by Ambassador of Democratic Kampuchea to the DPRK Son Chhum, Chinese Charge D'affaires ad interim Zhang Tingyan, and diplomatic envoys of Yugoslavia, Romania, Indonesia, Egypt, India, Nigeria, Pakistan, Sweden and permanent representative of the Palestine Liberation Organization.

### Comparison of Wu Xueqian Meeting

Beijing RENMIN RIBAO in Chinese on 1 August carries on page 4 a 350-character XINHUA report entitled "Wu Xueqian Meets Prince Sihanouk." This version has been compared with the XINHUA English version published in the 1 August China DAILY REPORT on pages 16 and 17 under the subheading "Meets With We Xueqian" and found to be identical, except for the following variations:

Page 16, column 2, last paragraph, only sentence reads: "...Prince Norodom Sihanouk, who with his wife had a meeting this evening with Chinese Vice Premier..." adding additional words;

Page 17, column 1, paragraph 2, only sentence reads: "...of Vietnamese troops from Cambodia as soon as possible, letting the Kampuchean..." adding additional words;

Page 17, column 1, paragraph 5, only sentence reads: "...the Kampuchea question.

"The meeting was held at the Diaoyutai state guesthouse. Wu Xueqian expressed his warm welcome to Prince Sihanouk's arrival in Beijing from Bangkok.

"Sihanouk said that he highly values his great friendship with China.

"After the meeting, Wu..."; adding two paragraphs.

#### Philippine Broadcasters' Delegation in Beijing *HK0108142588 Beijing International Service in Tagalog 1130 GMT 1 Aug 88*

[Text] Ai Zhiseng, China's minister of radio, film and television, last night hosted a banquet in honor of the Philippine Broadcasters' Association delegation, headed by its current chairman Lourdes Illustr. The delegation has arrived in Beijing at the invitation of the Ministry of Radio, Film, and Television for a 2-week visit to China.

#### Indonesia Official on XINHUA-ANTARA Ties *BK0208085788 Beijing International Service in Indonesian 0830 GMT 2 Aug 88*

[Text] Indonesian Vice President Sudharmono says that the absence of diplomatic relations between Indonesia and China does not preclude relations between the news agencies of the two countries. According to latest reports from Jakarta, Vice President Sudharmono said this to a XINHUA delegation last Saturday when he received 18 delegations attending the 7th general meeting of the Organization of Asia-Pacific News Agencies [OANA] in Jakarta. Vice President Sudharmono praised the success of the OANA general meeting and hoped for further cooperation among the OANA members.

The 7th OANA general meeting was held in Jakarta from last Tuesday to Saturday. During the meeting, the ANTARA Agency was elected as new OANA chairman for a 3-year term.

### Near East & South Asia

#### Official on Measures To Halt Silkworm Sales *JN0108143488 Kuwait ARAB TIMES in English 31 Jul 88 p 4*

[Text] Beijing, July 30: A high-ranking Chinese official has said that China has taken strict measures to prevent its Silkworm missiles from being sold from any other source possessing them.

China has also stopped selling the missiles, he added.

The Assistant Foreign Minister of China Yang Fuchang described his country's relations with Kuwait as "an example of bilateral international relations." He was talking to a Kuwaiti press delegation visiting China.

On the issue of the Chinese Silkworm missiles being used against Kuwait, the official regretted the incident and added that China had expressed its sympathy with Kuwait. The Chinese Government had always been against the expansion of the Gulf war so as not to reach a peaceful country like Kuwait, he said.

The minister said that the Chinese Government followed and is still following the Silkworm missiles issue with due concern and attention and had sent a special envoy to Kuwait last July and found a great deal of understanding from the Kuwaiti leadership to the Chinese position.

Fuchang disclosed that the Kuwait-Chinese relations were good even prior to the official establishment of diplomatic ties and that HH [His Highness] the Amir visited China in the early 70s when he was the Crown Prince. Thousands of Chinese engineers are working in Kuwait and the Kuwait Fund for Arab Economic Development has established several projects in China he said.

The official speaking on bilateral relations between Kuwait and China said these are quickly improving and called on Gulf tourists and investors to visit China as the foreign investment law provided lots of incentives and opportunities to foreign investors.

The Chinese official informed a group of Kuwaiti reporters visiting China that his country supports the efforts of the UN Secretary-General to implement the Security Council Resolution 598 concerning the Iraq-Iran war and added that his country looks to this resolution as an expression of a comprehensive international wish as the best formula to solving the conflict.

On China's relations with the GCC [Gulf Cooperation Council] member states, he said that his country's relations are good and China is always willing to improve and strengthen these ties. He added that China maintains diplomatic relations with some GCC states and good commercial relations with others.

He described the Iraq-Iran war as regrettable, especially as it was between two Muslim neighbours. He stressed that China took a neutral stand and had exerted a lot of effort to bring about a peaceful settlement.

China sent a special envoy last summer to Tehran to try and convince Iran to accept the UN Resolution 598 as China had taken an active part in formulating this resolution.

He refuted as lies and fabrications the news that China is planning an armament co-operation with Iran and Israel and stressed that facts will prove otherwise. Additionally, he pointed out that China does not maintain any

diplomatic relations with Israel. He expressed total support for the Palestinian uprising and cited the Chinese media's particular attention to this issue.

#### **Pakistani President Marks China's Army Day**

*OW0208001388 Beijing XINHUA in English  
0616 GMT 1 Aug 88*

[Text] Islamabad, August 1 (XINHUA)—Pakistan President Mohammad Ziaul Haq attended a reception at the Chinese Embassy here last night on the occasion of the 61st anniversary of the founding of the Chinese People's Liberation Army (PLA).

During the meeting, Ziaul Haq paid high tributes to the great services rendered by the PLA for the liberation of China and the maintenance of its security. He also conveyed his greetings and the good wishes of the Pakistan Government and people to the Chinese Government and people.

Among the over 300 guests present on the occasion were many high-ranking Pakistan officers and officials.

#### **Afghan Rebel Vows To Step Up Attacks in Kabul**

*OW0108141688 Beijing XINHUA in English  
0930 GMT 1 Aug 88*

[Text] Islamabad, August 1 (XINHUA)—Gulbuddin Hikmatyar, president of the Islamic Party of Afghanistan, said that Afghan guerrillas will intensify attacks on military targets inside Kabul.

Speaking at a press conference here last night, Hikmatyar said that the Moscow-installed Kabul regime is helpless in stopping Afghan guerrillas' attacks on Kabul and has sought the help of the Soviet troops to strengthen the security belt round the city.

During the past few weeks, Afghan resistance groups have reportedly fired over 100 rockets on Kabul. In the wake of intensified attacks, foreign embassies in Kabul have either already reduced their staff members or are planning to do so.

Hikmatyar, one of the leaders of the Seven-Party Afghan Resistance Alliance, noted that the Afghan guerrillas have already appealed to the civilians in Kabul to vacate the areas near military targets.

Besides, he said, the military targets are so large that there are no chances of rockets going astray and hitting civilian targets.

The resistance leader denied that Afghan guerrillas were hitting the civilian targets in Kabul and accused the Soviet troops of launching mortar attacks.

The Russian troops, he said, have attacked the civilian targets in an attempt to justify deployment of fresh troops in the city.

He said that the resistance forces will continue their attacks on withdrawing Soviet troops as decided at a meeting of the Seven-Party Alliance.

Referring to future arrangements on Afghanistan, Hikmatyar said that "we will never accept a government not elected by the people."

The Muslim guerrillas fighting inside Afghanistan will never allow a regime to be imposed on them by foreign powers, he added.

Hikmatyar rejected United Nations mediator on Afghanistan Diego Cordovez's latest proposal for a neutral government in Kabul.

He said that there are no "impartial" elements as suggested by Cordovez in Afghanistan and an attempt to install an "impartial" government will be tantamount to depriving the Afghan people of the rights of self-determination.

**PRC Begins Boundary Meeting With Nepal**  
*OW0108211188 Beijing XINHUA in English*  
*1739 GMT 1 Aug 88*

[Text] Katmandu, August 1 (XINHUA)—The second session of the China-Nepal Joint Boundary Inspection Committee started here this afternoon.

According to the boundary protocol signed by the two governments on January 20, 1963, in order to consolidate and develop the friendly and good-neighborly relations, the two countries decided to make one joint boundary inspection every five years.

An official of the Chinese delegation told XINHUA that pursuant to the tasks and requirements set forth by the first session of the joint inspection committee held in Beijing last February, the two sides have sent five joint teams to carry out the inspection on the China-Nepal boundary from the beginning of May to the latter part of June this year.

The present session is to examine the results of work of the joint inspection teams, and to discuss tasks of the joint inspection committee at the next stage, he added.

The Chinese delegation led by chief representative Xu Guangjian arrived here yesterday evening.

**East Europe**

**East German Delegation Visits Heilongjiang**  
*SK0108053088 Harbin HEILONGJIANG RIBAO*  
*in Chinese 18 Jul 88 p 1*

[Text] The 10-member delegation of the Socialist Unity Party of the GDR, which was composed of cadres on leave from the party central organs, concluded its visit tour in Heilongjiang Province and left Harbin City on 17 July. During the visit, Sun Weiben, secretary of the provincial party committee, and Chen Yunlin, vice governor of the province, received and hosted a banquet in honor German delegation. The delegation also visited some plants and stores in the cities of Harbin and Mudanjiang and paid a visit to scenic Jingbo Lake.

**Hebei's Lu Chuanzan Meets With GDR Guests**  
*SK0108054588 Shijiazhuang HEBEI RIBAO*  
*in Chinese 19 Jul 88 p 3*

[Text] On the evening of 17 July, Lu Chuanzan, deputy secretary of the provincial party committee, met at the Jinshan Guesthouse in Beidaihe with (Marlow), member of the Central Inspection Committee of the Socialist Unity Party of the German Democratic Republic and deputy director of the central liaison department, and his wife.

Lu Chuanzan welcomed the guests, who came from the native place of revolutionary teachers Marx and Engels, and enthusiastically introduced to them the scenic spots in Qinhuangdao. After talking, in line with Hebei's reality, about the achievements made since the 3d plenary session of the 11th party Central Committee, he said: When we look back, many changes and progress have taken place. However, we are still in the stage of ceaseless development. Building China into a developed socialist country is still an arduous task. He said that since the GDR is a comparatively well-developed country, its work in many fields merits our study.

(Marlow) visited Beidaihe 23 years ago. He said: "Earth-shaking changes have taken place in both urban and rural areas." He added: "The Chinese people have realized Marxism through their unique practices." He expressed that it is necessary to further develop friendship ties and learn from each other.

Present at the meeting were responsible comrades of the Qinhuangdao City CPC Committee and the provincial and Qinhuangdao City foreign affairs offices.

## Hong Kong Newspapers View Beidahe Conference

### WEN WEI PO on Problems

HK0208011088 Hong Kong WEN WEI PO  
in Chinese 2 Aug 88 p 1

[“Special Dispatch From Beijing” by correspondent Liu Jui-shao: “Will Chin’s Reforms Be Affected”—Thoughts on the Beidahe Conference”]

[Text] Beijing, 1 Aug—This year’s central work conference at Beidahe was unable to come to any conclusion or draw up any plan regarding the questions of price reform and economic development. Many people are worried whether the orientation of China’s reforms will be affected.

#### Problems in Three Respects [subhead]

We should first look at certain events since price reforms were enacted.

Insiders have revealed that at the ninth meeting of the CPC Central Committee Political Bureau at the end of June, the Chinese leaders decided to bite the bullet on the thorny issue of price reform. They summoned up great resolve to do this, and Deng Xiaoping also expressed support. Hence, a series of measures was tabled. However, 2 months later, the leaders felt that certain conditions are not too promising, the main problems being: 1) Price rises have been excessive everywhere. 2) Price increases cover vast areas; apart from government-controlled prices, it appears that prices of everything are either involved or included in the chain reaction. 3) There is inadequate preparation in material supply; far from being improved, the demand-supply relations of a number of materials have actually become more tense due to panic buying and stockpiling resulting from the price increases. All these problems were raised at the Beidahe conference.

#### Not Enough Transparency [subhead]

Therefore, some views hold that if the reform measures are pushed through too hurriedly, the result will be that the ship will overturn in the tumultuous waves, as happened to Wang Anshi of the Song Dynasty.

One expert gave this analysis: In carrying out this price reform, the leaders have similarly committed a common error, that is, the plan and measures adopted are not transparent enough, with the result that the people have no clear idea where price increases are headed and when they will cease. They thus go in for panic stockpiling. It has been reported than one old man has spent over half his savings in buying 7 refrigerators and 300 jin of salt all at once. He is not a businessman, nor does he have any intention of speculating; he is just worried that money will eventually become worthless because of the price increases.

At the same time, the people know nothing about how wages will be increased. Some grumbling is inevitable as they yearn from afar. It is reported that the Planning Commission has not yet been able to estimate accurately how much money will be required for the various wage increase schemes, so it had better not reveal the schemes too early. People have still more to say about this.

There are also complaints in the enterprises, mainly because when the state increased the prices of raw materials and capital goods, it demanded that the enterprises not increase the prices of their products. Enterprises also have to meet a certain proportion of the workers’ daily life subsidies, so their profits have declined. Contractors in particular are full of complaints.

Another factor causing the problems in price reforms is those “speculators” that operate everywhere. Hence, one leading member said: Price reform has developed exploitation by middlemen, but it has not been able to develop the productive forces.

#### Making People Still More Aware [subhead]

All these problems were raised at the Beidahe conference. However, precisely because these actual conditions have been raised, the existing policies can be better revised and further arrangements made. This is also an advantage in the emergence of differing views. People are bound to become still more aware if they can listen to views and reactions from all sides.

What concerns the Chinese leadership at the moment, apart from price and economic problems, is public order problems that may ensue. According to statistics for January-April this year, the general crime rate rose by 11.6 percent over the same period last year, including a 31.3 percent increase in major cases. The leaders are all paying attention to this.

People are very attentive to the rumored words of an authoritative figure following the Beidahe conference: In our reforms, we must be bold in taking risks, and also adopt a scientific approach. The first half of this phrase was already reported in the media before price restrictions were lifted; the second half represents a “new spirit,” and is more comprehensive. People hope that, based on this spirit, China will forge ahead through the waves and successfully break through the pass.

### CHENG MING on Debates

HK0208063588 Hong Kong CHENG MING in Chinese  
No 130, 1 Aug 88 pp 10-11

[“Notes on the Northern Journey” by Lo Ping (5012 0393); “Information From the Beidahe Conference”—first paragraph in boldface as published]

[Text] The annual Beidahe Conference has already started. The two factions at the top CPC levels will carry out a heated debate on problems concerning price and wages. The new trend of Taiwan’s political circles and the “Taiwan craze” in mainland campuses will also be the focus of the conference.

The heat in Beijing is scorching because of the high temperature and blazing sun. The whole of CPC Central Committee General Office has moved to the Beidaihe summer resort. The curtain of the 1988 summer conference is raised.

A Hot Topic: Lifting Price Controls and Wage Readjustment [subhead]

It has been reported that the enlarged session of the Political Bureau held in Beidaihe from July to August will focus on a very special issue: Price and wage reform (readjustment).

If a conclusion can be smoothly drawn on this issue, the conference will then focus on Taiwan and international issues.

As the deepening of reform has led to people's vague understanding of reform, a turbulent situation has occurred politically and socially. Over the past few months, the top CPC levels have carried out vigorous debates on the line, principles, and policies of reform. Since late May, the Secretariat of the Political Bureau held two meetings successively to analyze, study, and discuss methods for deepening reform in the future and to lay a solid foundation for the Beidaihe Conference and the reform scheme for the latter half of the year. While listening to accounts given by Political Bureau members including Zhao Ziyang and Li Peng in late June, Deng Xiaoping explicitly pointed out: "We should calmly discuss the major principles and policies. We cannot solve the practical problems by indulging in loud and empty talk." The practical problems mentioned by Deng referred to the contradiction between price and wage. People inside and outside the party unanimously believe that if this problem is not properly solved, political and social turbulence will be intensified and economic reform will come to a standstill.

The Two Factions Will Carry Out Heated Debates, Zhao Ziyang Will Have To Stand a Severe Test [subhead]

As the Beidaihe Conference has an important bearing on China's future and the destiny of reform, a number of veteran cadres including Peng Zhen and Hu Qiaomu who have retired will also attend the conference. Chen Yun, chairman of the Central Advisory Commission, will not attend the conference because of his poor health. According to analyses by personages familiar with the trends of the CPC top levels, the reformers and conservatives will carry out a heated debate at the Beidaihe Conference on the steps (slow or radical) and specific measures (readjust prices first and then lift price controls or lift price controls without undergoing readjustment) involving price reform.

General Secretary Zhao Ziyang will have to stand a severe test at the conference. Zhao's political destiny will be in imminent danger if nationwide students' movements take place during this period, particularly when the students are integrated with the workers.

The Top CPC Levels Are Worried About the 13th KMT Congress [subhead]

The question of Taiwan is another topic of the Beidaihe Conference.

Beijing authorities are extremely anxious about the policies formulated by the recent 13th KMT Congress towards the mainland and the measures adopted to promote democratic reform. Deng Xiaoping is particularly anxious and he personally listened to accounts concerning work towards Taiwan given on several occasions. He also said that the policy of eventually liberating Taiwan by force will remain unchanged. We cannot force Taiwan, nor can Taiwan force us. Deng's remark is hard to understand. What does "Taiwan force us" mean? Why is it necessary to "eventually liberate Taiwan by force"?

Taiwan Research Groups Emerge One After Another on University Campuses [subhead]

The CPC is also worried about the great impact of Taiwan's sustained economic prosperity and political democratization among the young people. Since the beginning of this year some students of Wuhan University, Zhejiang University, and other institutions of higher learning have established academic groups such as "Taiwan Research Group" and "Present Conditions of Both Sides of the Strait Research Group." These groups have been well-received by university students. It has been reported that 28 students of Beijing University and the People's University also set up a "KMT History Research Group" and a "Society to Probe Into the Three People's Principles." Some people in the CPC believe that this constitutes a separatist tendency. On the one hand, the State Education Commission instructed the institutions of higher learning not to indulge in academic research; and on the other hand, it also urged university authorities to "keep the radical speeches and moves of these groups within control."

Rush Job Done by Taiwan Affairs Office and Central External Propaganda Group [subhead]

At the Beidaihe Conference, Beijing authorities have decided to seriously study the principles and policies to be adopted toward Taiwan in the future. The CPC Central Committee's Taiwan Affairs Office and the Central External Propaganda Group did a rush job over the past few days and prepared dozens of important documents for the top level meeting. The official agencies received orders to prepare necessary newspaper cuttings and material for the conference.

Another agenda of the conference is to discuss the latest international situation, including the reform in the Soviet Union, the withdrawal of Soviet troops from Afghanistan, and the trends and possible relaxation of the war zones. The political structural reform in the Soviet Union shocked the CPC. Gorbachev's bold style was beyond their expectations. Some people are worried that the openness and democratization (though both are limited) of Soviet politics will evoke strong repercussions among the Chinese people, the intellectuals in particular, who constitute a pressure on the CPC.

Military Measures Adopted To Ensure the Safety of Beidaihe Conference [subhead]

To guard the Beidaihe Conference, the Central Military Commission and Beijing Military Region made necessary troop movements in Shanhaiguan Airport, Langfang region, and the Beidaihe suburbs early in mid April. An armored division of Beijing Military Region garrisoned in Nankou, Beijing was dispatched to the above places. Beijing Armed Police Corps also dispatched large numbers of armed policemen to guard the Beidaihe Conference. The General Office of the CPC Central Committee instructed the Hebei Provincial Party Committee, Qinghuangdao City Party Committee, and relevant public security departments to implement the policy of being strict inside and loose outside and "do not excessively interrupt the local inhabitants and tourists." Large numbers of armed policemen will disguise themselves as tourists to guard against possible trouble.

**CHENG MING Views 'Big Crisis' for Zhao**

HK0208113088 Hong Kong CHENG MING in Chinese  
No 130, 1 Aug 88 pp 6-9

[*"Notes on the Northern Journey"* by Lo Ping (5012 0393); "*Zhao Ziyang Is Encountering a Big Crisis*" — passages in boldface as published]

[Text] An Ominous Prediction Made by People in the Highest Leadership Stratum in Beijing [subhead]

If we fail to carry out the reform, we will face the danger of subjugating our party and nation. If we persist in reform, we might butt our heads. But even if we butt our heads, it is ten thousand times [yi wan bei 0001 8001 0223] better than subjugating our party and nation!

This was a remark recently uttered by Deng Xiaoping. During a discussion with cadres held on 23 June, Zhao Ziyang used the remark to encourage the participants. He urged them to take on the danger of "butting their heads" to fully support the reform.

Due to the fact that the obstacles and difficulties arising in the reform are so great, even though the General Secretary has not yet butted his head, he has obviously been badly battered. People in the highest leadership stratum in Beijing have generally predicted that from

now on up to the Spring next year, great changes might take place in Zhongnanhai. If Deng Xiaoping fails to do all he can to protect Zhao Ziyang, Zhao will become Hu Yaobang the second.

This prediction is made on the basis of fact rather than being utterly groundless.

Endless Inner Struggle in the Highest Leadership Stratum [subhead]

The first ground for the prediction is that "inner struggles" in the highest stratum have never stopped. At each and every meeting of the Political Bureau, or the Secretariat, the participants have always failed to reach unanimity, with each saying what he thinks is right, and holding each other up. Due to the fact that there are many difficult problems (such as the problems of commodity prices, wages, the treatment of intellectuals, student unrest, traffic accidents and so on), apart from holding official meetings, the Political Bureau and the secretariat also hold brief meetings once every 3 or 5 nights to deal with some routine affairs. At a recent meeting of the Political Bureau, Zhao Ziyang pointed out: "Can our Political Bureau and the Secretariat set a good example and hold briefer meetings and utter shorter remarks? Our meetings must not be always turned into marathon-type meetings." Actually, apart from marathon-type meetings held by the Political Bureau and the Secretariat, central organs such as the State Council, and others also very often hold long meetings. This "ocean of meetings" at all levels has reflected the complexities and difficulties of the problems.

Many Provincial and City Leaders Resent the Reform [subhead]

The second reason for the prediction is that there is a controversy on reform at the provincial and city level, or at the prefectural and county level. An issue of the REFERENCE NEWS FOR INNER CIRCULATION of the CPC (a kind of classified journal for senior CPC cadres) has revealed: To further understand and keep the general situation under control, since June the Secretariat of the CPC Central Committee has held three discussions attended by party secretaries at the prefectural and county level (including a discussion attended by party secretaries from plants and mining enterprises such as the Anshan Iron and Steel Company, Hubei Automobile Manufacturing Plant, and so on). As revealed by reporters of a certain news agency, prefectural and county party secretaries, who attended the discussions, had generally lacked confidence in the current reform. In particular, party secretaries from the inland provinces such as the northwest, blamed the central authorities for their attitude toward their provinces, which was characterized by neglect, casting them off as a burden, and forcing them to reduce their expenses by a big margin. Taking the opportunity of attending the meeting, one country party secretary from Ningxia Hui Autonomous

Prefecture, and three county party secretaries from Gansu Province jointly wrote a letter to the central authorities. Later, the other 17 county party secretaries who attended the meeting also signed the letter. This letter expressed the concern for the reform shown by party members and the masses in the interior, and their hope that the reform would bring actual benefits to them. At the second discussion held on 19 June, there was a conflict between county party secretaries from the coastal areas and those from the inland provinces. There was even a bitter quarrel between them. On 23 June, Zhao Ziyang met with participants of the second discussion. He said: Qili told me that you have formed two big camps. This is no good. The central authorities have no prejudice against you (the inland provinces). When you remain unconvinced, how can you lead party members and the masses? Zhao Ziyang added: "If we do not resolve to completely reform our previous system, we will face the danger of subjugating our country and party." Deng Xiaoping's remark quoted at the beginning of this article was repeated by Zhao at the meeting. Since the First Plenary Session of the Seventh NPC, Zhao Ziyang has met with 1 or 2 provincial, or autonomous regional party secretaries each week to carry out "heart-to-heart talks," in order to boost the morale of his subordinates.

Serious crises have occurred in the reform of the CPC. However, instead of "letting the people know problems of primary importance," "increasing the transparency," pooling the wisdom and efforts of the masses to overcome difficulties, and so forth as was previously promised, the CPC has further exercised control over mass media, and vented its anger on the press circles which are not to blame. Such a work style of "feeling angry when told of its errors" is no good for reform.

#### Student Unrest Might Happen Again [subhead]

The third reason for the prediction is that the crisis of student unrest (the conservatives made use of the incident to force Hu Yaobang to leave office) is not over. Student unrest, which occurred in June this year, has subsided because the authorities have adopted a high-handed policy in addition to honeyed phrases and spreading discord among the students to deal with it. However, the roots of the "disturbance" are still there. The ideological and political level of university students has been increasing. Some students of Beijing University have advocated the view that the "corrupted feudal and bureaucratic state power is incurable." Some of them have even shouted the slogan: "Down with the bureaucratic government." A big-character poster recently posted at Beijing University was full of a satirical flavor. Since foreign correspondents could not comprehend it, it was not disseminated abroad. The big-character poster said: "Don't be afraid because the imperial edict has been promulgated. There are 2 million students, but we have 3 million men. The sky won't fall down. There is a disturbance in Poland, and our Polish comrades have done well to deal with it." (Editor's notes: 3 million men

means the number of soldiers throughout the country, and "Polish comrades" means leaders of the Polish Communist Party who suppress the movement of the Polish people.) The writer of the big-character poster imitated the manner of speaking of a high-ranking official in the Zhongnanhai. He was bold enough to scratch the tiger's head.

At present, the price hikes have continuously irritated the broad masses of people on the mainland. The most sensitive people, namely university and college students, might unite again to launch a large-scale mass movement aimed at striving for democracy, or staging a hunger march. Under the present condition of the "triple jump" of commodity prices, the living standards of all the intellectuals have dropped instead of being improved. Their capability in restraining themselves and withstanding the strains caused by price hikes is limited. They are naturally supporters of the student movement.

#### Complaints of the People Are Heard Everywhere, and There Are Initial Hints That They Are Giving Vent to Their Indignation [subhead]

#### Sabotaging incidents occur one after another.

The fourth reason for the prediction is that there are more and more complaints in society, and there are hints that people are giving vent to their indignation. The masses, who are infuriated by the special privilege of the bureaucrats and price hikes, make use of various means to express their indignation and protest. According to the latest statistics compiled by the Beijing Municipal Construction Committee, since the second half of last year, the apartments in the newly established Xiaohongmen and Shijingshan residential areas have been severely damaged by the masses. In mid-June, the State Construction Commission [as published] and Beijing Municipal Construction Committee jointly held an on-the-spot meeting in the Xiaohongmen residential area. When the meeting was in progress, residents around the area and more than 200 workers from Beijing Timber Mill and Beijing Slabstone Plant, and other units surrounded the meeting place to protest against rise in rents and commodity prices. Due to the fact that the protest was conducted spontaneously by workers and the masses without any leadership and organization, the development of the event was under control. However, the Beijing Municipal CPC Committee still sent a large number of public security cadres and policemen to the spot to take precautions. More than 10 young workers were temporarily "detained for control purposes" for their "extreme remarks." ("Detention for control purposes" is a new measure recently taken by the Public Security Ministry with an aim of detaining trouble makers before they take any action to evoke disturbance. After the incident is over, the detainees will be transferred to the units where they work.)

**The number of visitors from the localities appealing to the higher authorities in Beijing for help has increased by 30 percent.**

Due to corrupted party style and prerogatives wielded by the party and government officials in various localities, conflicts between party, government officials and the masses have become intensified. There are many visitors from localities appealing to the higher authorities in Beijing for help. As revealed by a recent issue of the REFERENCE NEWS FOR INNER CIRCULATION, the number of visitors from various parts of the country greatly increased from January to May this year. According to statistics compiled by the offices dealing with those visitors under the Supreme People's Procuratorate, the Supreme People's Court, the State Council and Public Security Ministry, the number of visitors increased by more than 30 percent over same period last year. The number of the cases are numerous, and many problems cannot be solved. According to reporters employed by a government press agency, great changes have taken place in the occupations of those who came to Beijing. Veteran cadres have accounted for 24 percent, and intellectuals 31 percent. The number of cadres at basic level has also increased by a bigger margin. There is a group consisting of 13 teachers from Dalian City, who have come to Beijing to present a petition to the higher authorities. Fearing the possibility that the development of the event will get out of control, the State Educational Commission has strictly prevented the leakage of the news. Those 13 teachers are still living in a guest house of the State Educational Commission located at Zixin Road. The CPC Central Committee has ordered the Dalian City CPC Committee to take the group back. A party secretary of the Dalian City CPC Committee has come to Beijing to personally deal with the matter, but the problem has not yet been solved. From January to May this year, some cases of those petitioners beating working personnel occurred from time to time. In addition, there were three cases of suicide among the petitioners. The government has kept the people in the dark about all this.

**The Army Is Becoming Increasingly Dissatisfied With the Existing State of Affairs [subhead]**

**In Beijing Military Region, veteran cadres, who have retired to the second line, lodged a protest.**

The fifth reason for the prediction is that the Army is becoming increasingly dissatisfied with the existing state of affairs. In Beijing Military Region, many veteran cadres above regimental level sit together all day, shouting abuses. In a servicemen's canteen, they once deliberately quarreled with the staff, and broke things in the canteen. Not long ago, several veteran cadres carried out a sit-in protest in front of the headquarters. They lodged a protest against price hikes, and urged an increase in their pay and better conditions. They quarreled with officers who were on duty. A veteran cadre, who was a former chief of a propaganda unit under a political

department of the military region, boxed the ear of an officer who was on duty. After beating him, he shouted abuse by saying: "When I was shouldering a gun, you were a baby still smelling of your mother's milk. How can you give your grandpa a lesson? Who does Deng Xiaoping think he is? Without our support, could he become chairman of the military commission?" The remarks has evoked wide repercussions in the Beijing Military Region. On the afternoon of the second day after the incident, about 200 veteran cadres, who have retired to the second line, and are now advisors to the military region, assembled in the No 2 auditorium of the military region. More than 10 of them only wore waist-coats and shorts to show that they were angry. They unanimously demanded that Qin Jiwei meet them. However, due to the fact that Qin had no time to meet them, he sent deputy political commissar Zhou of the military region to meet them. A former deputy commander of the armored force of the military region pointed his fingers at Deputy Political Commissar Zhou, saying: "Are you qualified to give us a lesson?"

**Deng Xiaoping said that old cadres who stirred up trouble must not be tolerated.**

The protest incident staged by old cadres in the Beijing Military Region also attracted the close attention of the work conference of the Central Military Commission. It is learned that Deng Xiaoping was very angry and said: For those old cadres, we "need to solve their problems, but we should not be indulgent toward their mistakes. No matter how high a position they held in the past, they must be severely punished according to the party Constitution and army discipline if they deliberately create disturbances and stir up trouble." Deng Xiaoping's instruction has been issued as an official document by the work conference of the Central Military Commission.

The unrest among old cadres not only occurred in the Beijing Military Region, but also existed in other military regions. Not only old cadres are discontented with the reforms, many junior officers and soldiers also complain about the decline in their living standards. It is said that among the seven military regions, only the Fuzhou Military Region and the Kunming Military Region can maintain comparatively stable morale in the troops.

**The Causes of the Social and Political Crises [subhead]**

Will Zhao Ziyang be able to smooth out these social and political crises? People in Beijing cannot give a certain answer. Those in upper social strata also cannot fathom Zhao's political future. If Zhao's "safety coefficient" decreases to 50 percent, he may then become another Hu Yaobang. On the balance, Deng Xiaoping's attitude has a decisive weight. Once Deng suddenly changes his attitude toward Zhao as he did toward Hu Yaobang, then Zhao's political destiny will immediately come to an end.

The causes of the social and political crises can be attributed to five factors: First, the contradiction between prices and wages was not solved. Second, the issue concerning education and intellectuals was not solved. Third, the party style and public conduct were becoming more and more seriously corrupt. Fourth, the political force inside the party which opposes and hates the reforms did not get weaker. Fifth, political reforms, including openness and democracy, were not carried out alongside the economic reforms. "FALU ZIXUN" [LEGAL ADVICE] Was Criticized [subhead]

A regrettable fact was that although the leaders in Zhongnanhai did not deny the seriousness of the crises, they still hated to hear any critical opinions, doubted the kind intentions of the people who aired such opinions, and even blamed them for opposing and disturbing the reforms. Proceeding from such mentality, they hoped that the people would only eulogize the reform achievements in the past 10 years and would not mention any current problems. An example was the treatment of Qian Jiaqu. Qian is an old economist and a member of the CPPCC National Committee. He gave a speech on "price, education, and public conduct" at the meeting of the CPPCC National Committee, and was criticized and condemned by the CPC. The united front department of the party once gave a special dinner to entertain Qian Jiaqu (who is also a vice chairman of the China Democratic League and a non-communist). At the dinner, a senior leading cadre tactfully advised Qian that he should "first talk with the party if he wanted to air any opinion" and should "give consideration to the influence" of his remarks.

Meanwhile, the CPC leadership did not allow newspapers and journals to publish the full text of Qian's speech. "FALU ZIXUN" published the full text of Qian's speech in its fifth issue, and State President Yang Shangkun was annoyed by this. He gave instruction by telephone to the China Law Society and the Ministry of Justice, saying that "FALU ZIXUN" should not publish the full text of Qian's speech. He also criticized the director of this magazine. If the Chinese leaders are so narrow-minded, how can people have confidence in the future China's democratic politics? Even so far, the editors in chief of the newspapers and magazines on the mainland still do not hold the real power to decide whether to publish an article or not. The censorship power is still held in the hands of some obstinate senior cadres. Freedom of the press is merely empty talk.

#### Reformists Offended Mass Media [subhead]

When RENMIN RIBAO celebrated the 40th anniversary of its foundation, Hu Qili went to extend congratulations on behalf of the CPC Central leadership. He gave a speech to the senior cadres of the newspaper (including both the domestic and overseas editions). Hu Qili, who is now the highest leader in charge of ideology, praised RENMIN RIBAO for its proper handling of the coverage of the NPC and CPPCC sessions in the spring of this

year. He asked RENMIN RIBAO to maintain this good tradition in the future and continue to support "the party's work." (In fact, RENMIN RIBAO adhered to a rather moderate position when reporting the NPC and CPPCC sessions, and did not dare to touch the sensitive issues and the issues that people had more interest in. On the contrary, the senior leaders in Zhongnanhai seriously criticized ZHONGGUO QINGNIAN BAO, JINGJI RIBAO, and SHIJIE JINGJI DAOBAO for their unorthodox reports.) In his speech, Hu Qili also warned that some people in the journalism circles liked to "sing an opposite tune" with the party central leadership, and this problem was rather serious. Hu quoted Zhao Ziyang by saying that "if the mass media do not change their behavior, the reforms will get nowhere." This means that the current obstacles to the reforms and the difficulties mainly come from the criticisms published by newspapers and journals. If they do not mend their ways, they will be accused of "opposing the reforms." Zhao Ziyang, as a party chief who specializes in handling economic affairs, seldom handles ideological affairs and has little knowledge about the mass media and the mainland intellectuals. He put the cart before the horse when he criticized the mass media. "The Intellectuals Should Not Always Find Fault With Us" [subhead]

In addition, at the ninth meeting of the CPC Central Political Bureau, Zhao Ziyang also said: "Did our party merely do bad things and wrong things in the past 10 years? Did our party do nothing good? Did they ignore all the benefits that the reforms have brought to the people? If the intellectuals indeed have a conscience, they should come out to praise us and treat us more fairly. However, they do not mention our merits but just find fault with us." His resentment was fully expressed in these remarks.

#### The Intellectuals Support the Reforms [subhead]

As a matter of fact, the intellectuals are mostly supporters of the reform. They only complain about their low salaries and the rising prices. Sober-headed intellectuals understand that the price reform will cause some social pains and the people will have to endure such pains. People can endure the temporary pains if they find that the reforms can indeed bring a bright future to them. However, they can now see only slim hopes. The CPC did not carry out the political reforms alongside the economic reforms, and did not carry out real political reforms. The people have no guarantee for their freedoms and rights. Corrupt and irregular practice is widely spreading among party cadres and officials and cannot be checked. So the people bear resentment against all this. Those who are bold, such as Qian Jiaqu, aired critical opinions toward the CPC. In doing this, they did not try to oppose the reforms; on the contrary, they just tried to promote thorough and all-round reforms. They all deeply realize that only thorough and all-round reforms can bring a bright future to China.

If Zhao Ziyang and Hu Qili understood the feelings of the intellectuals, they would not blame the mass media which aired just and fair opinions; instead, they would be glad to hear such criticisms so as to improve things in the reforms. Of course, if some stubborn conservatives try to abet students to stir up trouble or create opposition opinion to disturb the reforms, the intellectuals certain should openly expose and resist such plots.

### **Chi Haotian Discusses PLA Building, Reform**

*HK0208093088 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 31, 1 Aug 88 pp 3-4*

[Article by Liu Jinghuai (0491 2417 2037): "Chief of the PLA General Staff Chi Haotian on Chinese Army's Building and Reform"]

[Text] In recent years, there has been a strategic change in the guiding thinking of the building of the Chinese Army. Just like the reform in the Chinese political and economic fields, the reform in the Chinese Army is also exceedingly active. At present, what steps must the Chinese Army take in the interest of its building and reform? What problems will it face in the future? What will be the future image of the Chinese Army and its servicemen? On the occasion of celebrating the 61st anniversary of "1 August" Army Day, this reporter interviews Chief of the PLA General Staff Chi Haotian on the questions mentioned above.

Chi Haotian, aged 58, replaced Yang Dezhi in November 1987 the chief of General Staff. Before this, he had once been deputy chief of general staff, and commander of the Jinan Military Region. Now he is a member of the 13th CPC Central Committee, and the Central Military Commission.

#### **Strategic Change in the Guiding Thinking for the Building of the Army [subhead]**

Chi Haotian said: The strategic change in the guiding thinking for the building of the Chinese Army means that the policy of war preparedness characterized by "preparing for an early war, great war and nuclear war," which was implemented for a long time, has now truly been brought onto a normal track of peacetime development. He stressed: This is a timely, correct and important policy decision made by the CPC Central Committee and the Central Military Commission on the basis of a scientific analysis of the international and domestic situations. It will produce a profound influence over various aspects in our military work. With the strategic change in the guiding thinking for the building of the Chinese Army, necessary readjustment has been made with regard to the development, guiding thinking and work focus of the Chinese Army.

—With the change in the standpoint of the work of war preparedness, it is now stressed that war preparedness must conform with the needs of future warfare. We must pay attention to the quality of our work so that we can

lay a solid foundation for it. To effectively safeguard the security interests of our country, we should gradually enhance the combat effectiveness and rapid responsiveness of our troops under modern conditions.

—With regard to the training of our troops and education provided by military institutions, the previous "contingency training" must be changed into regular and systematic training so that we can train new-type talented military personnel.

—With regard to the system governing the establishment of our Army, in accordance with the principle of better troops, combined forces and higher efficiency, we have initially succeeded in changing the previous situation of the overlapping and overstaffed administrative organizations, ineffective command and low efficiency after streamlining our troops by one million.

—With regard to the development of our military science, technology and equipment, we have begun to follow the path of devoting more effort to research, of producing less ammunition, of making use of the old equipment and facilities while manufacturing new ones, renewing the models, and placing emphasis on the development of key projects and facilities.

—With regard to the building of our reserve forces, the previous idea and practice of "turning the entire population into a military force," and "organizing contingents of the people's militia on a big scale" should be changed into a principle of "fewer in number, better quality, more emphasis on key projects, and laying a good foundation."

With regard to other aspects of the military work, we have readjusted our plans and requirements in accordance with the basic tasks of the military work during the new period so that we can enhance the level of modernization, and the capability of our army in defending the country. Chief of the General Staff Chi maintained that with the strategic change in our military work, we have succeeded in changing the previous situation of basing everything on a contingency plan, doing things on too large a scale, and arranging projects all at once without any priority. We have begun to embark on the path of reform with taking modernization as our key task.

#### **Fully Making Use of the Favorable International Environment To Firmly Grasp the Key Defense Building [subhead]**

Chi Haotian continued: Since the 3d Plenary Session of the 11th CPC Central Committee, the Army has entered a new historical period. How should the Army get rid of the influence of the "leftist" ideology to speed up its modernization process? This has become a task of top priority. At present, we are living in an era in which a new technological revolution is vigorously developing on a global scale. Many countries are developing their own science, technology and economy. They are also widely

applying their new technology to the building of their national defense. With a relatively weak foundation and late start, we must rouse ourselves to catch up. Otherwise the gaps between us and the advanced nations will widen. Therefore, we are facing a pressing and grim situation.

**Chi Haotian pointed out:** Since Comrade Deng Xiaoping took charge of the Military Commission, he has issued a series of important instructions, systematically explaining, in clear-cut terms, such major issues as the goals, central task, and focuses of army building, as well as the relationship between defense building and economic construction. These instructions form the basic guiding thinking for army building in the new era. In line with the guiding thinking put forward by Comrade Deng Xiaoping, we must further improve the work of army building in the following fields.

First, it is necessary to subordinate army building to the overall interests of national economic construction and, while striving to strengthen the PLA, actively take part and support socialist economic construction in various forms in order to contribute to the economic invigoration.

Second, it is necessary to focus army building on modernization. The major contradiction confronting army building today is one between the objective demands of a modern war and the long way the PLA has to go to accomplish its modernization. This contradiction determines that we should focus army building on modernization by teaching all commanders and fighters to clearly understand that modernization is the central task and the work in all fields is aimed at raising the PLA's combat capability.

Third, it is necessary to attach strategic importance to education and training. In peacetime, the routine of the Army should concentrate on education and training, emphasizing military training and training for cadres.

Fourth, we should strive to make progress and continue to improve the PLA innovatively, in spite of strains. In view of the tight budget for army building, it is necessary to explore ways for developing and strengthening ourselves. From now on, while ensuring the construction of strategic units, we will carry out the tasks of army building in the order of priority and, where circumstances permit, release some units to especially engage in national economic construction and production and management activities.

Fifth, it is necessary to persist in and further deepen the reform.

**Chi Haotian stressed:** There will be no major war for quite some time. Under the premise of subordinating ourselves to the overall interests of national economic construction, we should make good use of the prolonged

peaceful international environment to promptly intensify army building, focus on modernization, in a planned and systematic manner, raise the PLA's quality and enhance its capability to defend itself in modern war.

**The Achievements of the Reform in the Army and the Work of Systematically Expounding and Explaining the Reform [subhead]**

Chi Haotian told this reporter that since the 3d Plenary Session of the 11th CPC Central Committee, the Chinese Army has begun its reform to conform with the demand of economic structural reform in China. Since the enlarged meeting of the Military Commission in 1985 in particular, the Army has speeded up its reform. The strategic change in the guiding thinking for army building has provided better conditions for the Army to conduct its reform. In recent years, the Army has made in reform some important achievements of profound significance.

—We have reduced the number of our soldiers by one million. The enlarged meeting of the Military Commission held in 1985 decided that the Army reduce its members by one million. This is an important step in the strategic change, and also an important reform in the history of the Army. Thanks to the efforts exerted by the entire Army over the past three years, this task has been basically completed.

A breakthrough has also been made with regard to the establishment of our Army. The situation of the overlapping and overstuffed administrative organizations in the Army has been basically changed. In particular, the proportion of special troops has been significantly increased, and the combined operational capacity and overall combat effective of our troops have been enhanced. Their capability in independently carrying out combat operations has also been strengthened. The number of special troops in the ground force has exceeded that of infantry. This has happened for the first time in the history of our Army.

—Reform has been carried out in the training of our troops in terms of training system, contents, methods, and so on. Our achievements in the reform of our training methods are most conspicuous. The Chinese Army has initially formed a simulation training system suitable for military exercise carried out on ground, the air and the sea. This has opened up a new way for the exercise of our troops with live ammunition with an aim of combating the enemy.

—To meet the demand of rapid mobilization during wartime, we have organized a reserve force mainly consisting of the active servicemen, and officers and soldiers of reserve duty. Once anything happens, they will assemble rapidly to assume their duties.

In addition, preparation work has been in full swing for the formulation of three kinds of "Rules and Regulations" for cadres. They include "Rules and Regulations for Military Rank," "Rules and Regulations for Civilian Posts," and "Rules and Regulations for the Service of Officers." This is a reform in the cadre system of the Chinese Army.

Chi Haotian said: These achievements made by the Chinese Army in reform are only the first step taken in the course of accomplishing the general goals of the reform. At present, in accordance with the unified arrangements made by the Central Military Commission, the Chinese Army is carrying out the work of systematically expounding the reform with an aim of speeding up and deepening it. We firmly believe that as long as we follow the guiding principle of the Central Military Commission of "being both bold and resolute as well as careful and prudent," the Chinese Army will make more satisfactory achievements in reform.

#### **Building A Modern and Regular Chinese-Style Army Which Serves the People [subhead]**

Chi Haotian pointed out: Since its establishment, the PLA has been following its long and militant career for 61 years. It has created a brilliant and great image both at home and abroad. Of course, there is not need to deny the fact that due to the influence of the "leftist" ideology, we once followed a tortuous course in army building. Now in the new historical period, we should build the Chinese Army into a Chinese-style modern and regular revolutionary army which serves the people wholeheartedly. This has demanded that our troops be transformed into very capable, select troops with efficient command, good facilities, excellent training, quick response, high efficiency, and powerful combat effectiveness. This has also demanded that our troops must pursue a revolutionary and death-defying spirit, a spirit of abiding by discipline and self-sacrifice, a spirit of selflessness and putting the interests of others before self-interest, a spirit of overcoming all enemies and difficulties, and a spirit of upholding revolutionary optimism and surmounting every difficulty to strive for victory. Such a Chinese Army is invincible and unconquerable in the world, and is an important force for protecting the security of the state, and safeguarding world peace. It will thus be able to shoulder and fulfill the glorious mission entrusted to it.

Chi Haotian stressed: In this connection, each and every Chinese serviceman must actively respond to the call of Comrade Deng Xiaoping and turn himself into a serviceman with ideals, moral and intellectual development, one who observes discipline. In other words, he should have a firm communist conviction, love his motherland, and be faithful to his people. He must pursue a spirit of sacrificing his interests for the sake of others, and of promoting unity and mutual help. He must fear no difficulties or sacrifice. He must have a good command of the knowledge of modern science and skills. He must

be good at reform and blazing a new trail. He must attach importance to civilization, be polite, and pay attention to his appearance and bearing. He must be poised and graceful, and strictly observe discipline. He must be able to actively fulfill the task assigned to him by the higher authorities.

#### **Meritorious Medals Conferred on PLA Veterans**

*HK0208055688 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 31, 1 Aug 88, pp 13-14*

[Article by Xu Jingyao (1776 0079 6460) and Zhang Haiping (1728 3189 1627): "China Confers Meritorious Medals on PLA Officers"]

[Text] 1 August will be PLA Day. On 30 July, the senior Chinese leaders in Beijing conferred the glittering Red Star, Independence, and Victory Meritorious and Honorary Medals to a group of veteran PLA officers who once made outstanding contributions to the country but now have retired from active military service. Medal-conferring activities began in all parts of the country on 30 July.

While conferring meritorious and honorary medals on the veteran PLA officers who have retired from the active military service, the Central Military Commission has also been making preparations to confer military ranks on the PLA officers in active service.

The system of military ranks has been abolished for over 20 years. Today, one of the important questions facing China in her efforts to restore the system of military ranks is whether it is necessary to confer military ranks to the veteran PLA officers who have retired from active military service.

#### **The Background Of Conferring Meritorious And Honorary Medals [subhead]**

Some people think that the veteran PLA officers have been in the Army all their lives and have made important contributions to the growth of the PLA. Now, because of old age, they have voluntarily retired from various leading positions in the PLA in order to answer the call of the central authorities for making the PLA officers younger in average age and make way for the promotion of younger officers. However, these veteran PLA officers who have retired from active service still have special feelings for the PLA and are reluctant to leave the Army. Therefore, special treatment should be given to these veteran officers who have retired from active service, and military ranks should also be conferred on them. Otherwise, these veteran officers who have devoted their whole lives to the PLA would feel disappointed.

Other people think that military ranks should only be conferred on the officers in active military service. Since the fundamental aim of implementing the system of military ranks is to regularize the Army and institutionalize the promotion of officers, therefore, a clear-cut

criterion should be set for conferring military ranks. If too much stress were to be placed on giving special consideration to the veteran officers who have retired from active military service, it would be impossible to control the scope of conferring military ranks. And the number of retired officers and officers in active service eligible to receive a general's rank would be numerous. As a result, it would be impossible to achieve the fundamental goal of implementing the new system of military ranks. Therefore, proceeding from the overall interests of the modernization of our Army, it is necessary to strictly control the scope of conferring military ranks.

In 1986, while discussing the question of implementing the new system of military ranks, the Central Military Commission thought that after 61 years of development, the PLA had developed into a strong People's Army. In this strong People's Army, there are a large number of long-tested veteran cadres who have made important contributions to the founding and development of the Chinese People's Armed Forces, the independence of the Chinese nation, the liberation of the Chinese people, the founding of the PRC, the defense of the motherland, and the modernization of the national defense of our country. Therefore, the Central Military Commission agreed in principle that the veteran cadres who have retired from active service and the veteran cadres who now hold leading positions in the local areas and no longer hold any leading positions in the Army should not be conferred with military ranks. However, the officers who have retired from active service will be conferred with meritorious and honorary medals.

The meeting held by the Standing Committee of the Central Military Commission in 1987 made it clear: In order to commend the historical achievements made by the officers who have retired from active service and strengthen the unity between the veteran cadres and the new cadres, meritorious and honorary medals will be conferred on the officers who have retired from active service and preferential material treatment will also be given to the officers who have retired from active service.

On 1 July of this year, the Regulations on Conferring Meritorious and Honorary Medals to Officers Who Have Retired From Active Service was approved by the 2nd Plenary Session of the Standing Committee of the 7th NPC.

#### **The Conditions For Conferring Meritorious And Honorary Medals [subhead]**

Considering that the officers who have retired from active service joined the Army or took part in the revolution at different periods and made different contributions to the revolution, the Central Military Commission decided that the following three types of meritorious and honorary medals should be conferred on the officers who have retired from active service: The PLA

Red Star Meritorious and Honorary Medal (which is divided into First Class and Second Class), the PLA Independence Meritorious and Honorary Medal, and the PLA Victory Meritorious and Honorary Medal.

The specific requirements for conferring the above-mentioned meritorious and honorary medals are:

—Retired officers, who joined the Army or took part in the revolution before 6 July, 1937 and who were conferred with the rank of major general or above before 21 May, 1965, or once held leading positions at or above the provincial or ministerial levels, will be conferred with the First Class Red Star Meritorious and Honorary Medals;

—Retired officers, who joined the Army or took part in the revolution before 6 July, 1937 and who were conferred, however, with the rank of senior colonel or below, or who were not conferred with military ranks before the 21 May, 1965, will be conferred with the Second Class Red Star Meritorious and Honorary Medals;

—Retired officers, who joined the Army or took part in the revolution between 7 July, 1937 and 2 September, 1945, will be conferred with the Independence Meritorious and Honorary Medals;

—Retired officers, who joined the Army or took part in the revolution between 3 September, 1945 and 30 September, 1949 will be conferred with the Victory Meritorious and Honorary Medals.

The former Army cadres who now hold positions in the CPC advisory commissions at various levels, the standing committees of the people's congresses at various levels, and the CPPCC organizations at various levels will also be conferred with the meritorious and honorary medals. The Central Military Commission thinks that although these former Army cadres have not yet retired, they no longer hold any positions in the Army. Therefore, when implementing the new system of military ranks, these former Army cadres should not be conferred with military ranks. However, instead, the meritorious and honorary medals should be conferred to these former Army cadres.

#### **Those Who Wear the Meritorious and Honorary Medals Will Enjoy Preferential Treatment [subhead]**

A series of preferential treatments will be given to those who wear meritorious and honorary medals. According to the actual conditions, those who wear meritorious and honorary medals should be invited to attend major festival celebrations and meetings or military reviews, should be invited to sit on the rostrums, platforms, and reviewing stands, should be invited to watch the military maneuvers held by the local military regions, should be first invited to hold honorary posts if they have special skills or experiences, and should be entitled to fixed honorary pensions.

2 Aug 1988

**Eight Hundred Retired Officers Are Conferred With First-Class Red Star Meritorious And Honorary Medals [subhead]**

According to the statistics provided by China's Ministry of Civil Affairs, there are some 3 million revolutionary martyrs who died in the various people's revolutionary wars which lasted for 22 years. This is a soul-stirring figure! So, many veteran cadres who have been conferred with meritorious and honorary medals say that conferring meritorious and honorary medals on them not only gives them honor but more importantly, affirms and commends the historical achievements made by the people of their generation, including those comrades-in-arms who were killed in the various wars. Conferring meritorious and honorary medals serves to commemorate and cherish the memory of past history.

At present, more than 110,000 veteran officers have retired from the PLA. More than 4,300 Red Army men, more than 47,000 8th-Route Army men, and more than 31,000 PLA men who joined the Army during the Liberation War are now managed and taken care of by the Army, while more than 26,000 retired Army officers are managed and taken care of by the various local civil affairs departments. There are a total of 4,600 retired Red Army men in China. Among them, some 2,900 people took part in the extremely difficult 25,000-li Long March; some 280 people persisted in fighting the guerrilla wars in the Red Army's base areas; some 450 people are the Red Army men of Northern Shaanxi; and some 970 people are the lucky survivors of the CPC's underground work.

It is learned that this time, more than 800 people have been conferred with the First-Class Red Star Meritorious and Honorary Medal, which is the highest class of meritorious and honorary medals. These retired officers include Xu Xiangqian, Nie Rongzhen, Zhang Zongxun, Wang Ping, Xiao Ke, Yang Dezhi, Yu Qiuli, Liao Hansheng, Yang Chengwu, Geng Biao, Zhang Aiping, and some other veteran Army cadres.

**The Retired Officers Who Revolted Against the Kuomintang [KMT] Army and Crossed Over to The PLA Will Also be Conferred With Meritorious and Honorary Medals [subhead]**

The retired officers who revolted against the KMT Army and crossed over to the PLA will also be conferred with meritorious and honorary medals. These officers include Dong Qiwu, Guo Weicheng, Tao Zhiyue, and so on. The officers who made mistakes, were expelled from the party, or removed from party or government posts after liberation, but have not been expelled from the Army and have not lost the right to enjoy preferential retirement treatment will also be conferred with meritorious and honorary medals according to their respective contributions to the revolution and respective periods in

which they joined the Army or took part in the revolution. This shows that the CPC has adopted a stand of objectively viewing people and analyzing the achievements and mistakes made by people by seeking truth from facts.

**Commentator Stresses Learning From Veterans**

*HK0208043888 Beijing RENMIN RIBAO in Chinese  
31 Jul 88 p 1*

[Commentator's article: "An Honor Granted by History, a Wish of the People"]

[Text] At a time when the 1 August Army Day was being celebrated, the Central Military Commission of the PRC solemnly held a ceremony in Beijing putting badges of merit and honor of the Chinese PLA, with symbols representing the red star, victory, and independence, on the chests of retired army cadres, who had joined the ranks during the revolutionary war, or who had participated in revolutionary work. This is an unusual honor for all retired army cadres.

The revolutionary cause is an heroic undertaking. Under the leadership of the Chinese Communist Party and with the support of all the people of the country, the PLA, after 60-plus years of hard and remarkable struggle, has developed from nothing to something, from the small to the big, and from the weak to the strong, and turned into a powerful Army boasting a brilliant chapter of history in revitalizing China and serving its revolutionary and construction efforts. In all its 61 years, our Army has never failed to remain loyal to the party and to the people. Just as an heroic Army has trained heroic fighters, heroic fighters have built up an heroic Army. The healthy growth of the PLA embodies the lifetime efforts and contributions of a large number of veteran comrades. Now, some of them are still on the job diligently serving modernization and the revitalization of China and giving their all to the modernization of the Army. Most of them have retired. But they are still concerned about the construction efforts of the state and the Army and about the cause of the party and the people. They are heroes credited with meritorious services, and are examples to the younger generation. They represent the cherished wealth of the party and the Army. Awarding badges of merit and honor to these retired army cadres is a meaningful citation of their contributions of a military career and also an affirmation of the brilliant history of the Army with due respect shown. It embodies the affectionate concern of the party Central Committee and the Central Military Commission and gives expression to the sincere feeling of respect on the part of all officers and men of the Army and people of all nationalities of the country.

Citing retired army cadres is a source of tremendous encouragement to veteran comrades. It also provides profound education for the Army and the masses of people, especially youths and adolescents. It carries great significance in arousing national spirit. No national

revitalization, or social change does not call for great spiritual strength to meet the demands of the era. In carrying out reforms and opening up, socialist modernization similarly calls for great spiritual strength. The matter of introducing the socialist principle of material incentives and establishing a new order of the socialist commodity economy does not in the least mean overlooking the role of things spiritual. Especially when our reform is entering a crucial period, there is all the greater need to greatly stir up national spirit, in order to rally the people of the whole country in tiding over the crisis. The revolutionary spirit of bravely fighting for the realization of great goals with singleminded devotion, the pioneering spirit of overcoming all difficulties and not bowing to all obstacles, the spirit of devotion to duty and self-sacrifice, and the lofty character or fine style of loving the Motherland, loving the people and loving socialism, as embodied by retired army cadres with their lifetime military career, are the very essence of our national spirit. We must take this as a source of education and encouragement to the masses of cadres, so that they can show a proper style, work with the same goal in mind, overcome difficulties and hazards on the road of reform, and bravely fight for the realization of the great cause of modernization.

"No country can be strong without an army, and no people can live in peace without soldiers." A powerful national defense is a shield for national survival. Taking advantage of the opportunity to confer badges of merit and honor on retired army cadres, party committees and governments at various levels must conduct among the masses of people education on the need to love the country and support the military and to strengthen the sense of national defense. The aim is to cultivate throughout society a good style of warmly loving fraternal soldiers, supporting army work, and supporting the Army and giving preferential treatment to families of revolutionary soldiers and martyrs.

"History cannot be calculated in terms of years, just as a great cause cannot be built without putting a burden on your shoulders." The beautiful future of the People's Republic of China is arousing millions upon millions of people in their struggle. The great goal of modernization is urging hundreds of millions of people to perform deeds of merit and achieve something. The social environment of reform and openness has provided a wide arena for the development of everyone's abilities. It is hoped that all retired army cadres given badges of merit and honor will cherish the honors conferred on them and continue writing well a chapter of their own glorious history. It is hoped that the whole body of commanders and fighters shouldering the heavy mission of carrying on the great cause will not fail in their mission and further perform new deeds of merit in modernizing the army. It is hoped that all well-informed people and people of all nationalities of the country will contribute toward the modernization of national defenses, as before!

**LIAOWANG on Military Cadre System Reforms**  
HK2907140588 Beijing LIAOWANG in Chinese  
No 28, 11 Jul 88 pp 22-24

[Article by Liu Huinian (0491 0932 1628) and Xu Jingyue (1776 0079 6460); "Major Reform of the Military Cadre System—Notes on the Birth of the PLA's 'Three Sets of Regulations'"]

[Text] On 1 July 1988, the 2d session of the Standing Committee of the 7th NPC approved the "Regulations on PLA Officer Ranks" and examined the "Service Regulations for PLA Officers on the Active-Duty List (Draft)." Shortly before the session, Deng Xiaoping, chairman of the Central Military Commission, announced the "Interim Regulations on PLA Nonmilitary Cadres," the first such attempt in the history of the PLA. Thus were born three sets of regulations in the Armed Forces—a great achievement in the reform of the military cadre system.

A Reform Continuously Deepening [subhead]

Immediately following the 13th National CPC Congress, the Central Military Commission convened a meeting chaired by Permanent Vice Chairman Yang Shangkun on quickening and deepening reform. At the meeting Zhao Ziyang, the commission's first vice chairman, gave an important talk to all high-ranking officers on deepening and quickening military reform. Concerning the commission's plan, the meeting decided to quicken reform in the Armed Forces to meet the requirements of the general reform.

Reform of the military cadre system, which is central to the whole framework, is the top priority in general military reform and was the first to start. The long-contemplated reform plan quickened its pace.

On 13 April, the "Regulations on PLA Officer Ranks (Draft)" was tabled for examination by the 1st session of the 7th NPC Standing Committee. In accordance with customary practice, the newly elected Standing Committee would not have discussed detailed legal documents, but this time the meeting broke the customary practice to put the "Regulations" on military ranks on the agenda.

On 25 June, Premier Li Peng and Central Military Commission Chairman Deng Xiaoping delivered the new "Service Regulations on PLA Officers on the Active-Duty List (Draft)" to the 2d session of the 7th NPC Standing Committee for examination.

All this shows the importance attached to the military cadre reform by the Central Military Commission and the support given by the state and the people.

The reform began in 1980, when Comrade Deng Xiaoping took over the work of the Military Commission and was deeply worried by the derelict state of the military cadre system. Comrade Deng Xiaoping has since then

been looking for a way to reconstruct the system. Before long, at a military meeting Deng Xiaoping proposed setting up three fundamental systems—the above-mentioned three sets of regulations—which to date have taken 8 long years of preparation.

This 8-year period saw the resumption of order and a continuous deepening of reform in the Armed Forces. Much effort was expended on laying the groundwork for these three sets of regulations, and much work done by the state and the Military Commission to streamline cadre work relations.

The following issues faced the reformers when the cadre system reform first started: a cumbersome and over-staffed cadre force; sinecures, in which there were up to four or five deputies to one chief; disproportion between the officers and soldiers, which put China in the world's front rank in terms of top-heaviness and the number of officers; leaders at various levels generally in the old-age group, and some of the "youngest" high-ranking leaders in some military regions were 64 or 65 years old; large batches of cadres were recruited or discharged without properly considering personnel turnover; and cadre quality declining—a large number of cadres had received no higher education than junior secondary school—and other similar situations.

The Central Military Commission began by adopting a series of limited reform measures. One of these was to set up a system to recruit cadres from those who had received military academy training, instead of direct promotion from the ranks of soldiers. The results were largely good and the situation took a turn for the better. Statistics at the end of 1987 showed that the average age of leaders at army level was 51, and 61 percent had university training; members at division level averaged 45, and 70 percent of them had university training; members at regiment level were 38 years in age, and 50 percent had university training; and 91 percent of members at battalion level possessed secondary school training.

The standardization of cadre working relations created conditions and accumulated experiences for a general military reform.

The central authorities and the Military Commission paid close attention to the drafting of the "Three Sets of Regulations." Comrade Deng Xiaoping many times listened to work reports to ascertain the fundamental principle and guiding ideas of the "regulations." Comrade Zhao Ziyang in the last year has listened to the work reports a number of times and fully agreed with the principle, contents, and steps of operation of the "regulations." Comrade Yang Shangkun was directly responsible for the drafting work. Since he took over the routine work of the commission, he has been thinking about how to draft and carry out the "regulations." Since 1986 he has chaired more than 10 meetings of the Commission's Standing Committee.

For 8 years the preparation work of all sides was continuously in progress. The departments concerned conducted a considerable number of studies, pooling opinions from the Armed Forces, organizations, and academies and consulting the NPC and related departments of the State Council. The draft was revised scores of times.

After years of continual hard work by all the members of the Armed Forces, both the conditions and time for carrying out the "Three Regulations" were ripe.

#### Cadre System Is the Key to Reform [subhead]

Experience tells us that reforms in many sectors in the Armed Forces will eventually hinge on the improvement of the vitality and motivation in the cadre force. In the general reform in the Armed Forces, cadre reform is decisive.

Twenty-three years ago the service regulations and military rank system were mistakenly annulled. Now, the newly drafted "Three Regulations," and especially regulations on military ranks, have caught wide attention both in the country and abroad.

At the Second session of the Seventh NPC Standing Committee, members examined the draft in the context of the overall national and military reforms and concluded that the draft was much more reform-oriented than the officers service regulations and military rank system of the 1950's.

In the past, our legal institutions were inadequate and military laws were one of the weakest points. Now the enactment of laws on the cadre system can strengthen the concept of ruling the forces strictly in accordance with the law, and lay the groundwork for a modernized and regularized Army.

There has been an intriguing phenomenon in the Armed Forces. The cadre forces have many times seen the bulk recruitment and discharge of personnel and a high volume of personnel turnover. Two researchers from the PLA Academy of Military Sciences researched the phenomenon that existed several years ago. As many as three to four batches of a certain divisional army leadership changed within 2 years. There was one military district in which a total of 7,000 cadres, all under 35, had been discharged since 1961, and the same number of cadres recruited in the same period. There was a saying that the Army was a machine that churned out cadres. The main problem was there was no procedure to follow and no laws to abide by.

Members of the NPC Standing Committee believe that the establishment of the "Three Regulations" will standardize the cadre system and make it operate according to the law. The practice of the officer service regulations and military rank regulations will distinguish ranks and

office so that training and promotion can be appropriately dealt with and the recruitment and discharge of cadres can be handled according to procedure. The officer service regulations set a scientific criterion to every important stage in the entire service career of an officer, from entrance to discharge. The military rank regulations give clear guidance to ranks and their corresponding office and promotion period for officers of all levels. In accordance with these regulations, officers who reach a certain age or have worked for a period will be promoted either in post or rank, transferred or retired. In this way, personnel turnover will be kept at a relatively stable level and the recruitment and discharge of officers will be formalized.

Members also think that the establishment of the new officer rank system will help form a more reasonable hierarchy in the forces. It will specify the total number of officers and the ratio among generals, colonels, and lieutenants, and will organizationally define the number of officers at various levels. Thus, a rational officer structure will be formed. The NPC Standing Committee members think that the "Three Sets of Regulations" will avoid the situation where cadres must rely on their superiors' intellectual power and personal work style, and there will be instead a sound and relatively stable system wherein they can be assured in their work.

The members also pointed out that the 13th National CPC Congress proposed personnel system reform, and different cadres should be administered under different departments. The "Three Sets of Regulations" in the Armed Forces are an important measure to deepen the reform of the military cadre system.

There has also been a phenomenon worth pondering. Many posts not in need of officers are staffed by officers. Thousands of doctors, engineers, teachers, editors, custodians of secret documents, document dispatchers, and even sports and movie stars assume offices at division, regiment, or battalion levels, creating a paradoxical situation. On the one hand, there is an enormous number of aging officers. On the other, a vast number of people with special talent are lost because of the active-duty age limit.

The NPC Standing Committee members suggested that the "regulations" will place active-duty officers and nonmilitary cadres under different administrative systems, enabling them to develop according to their own rules. A military rank system for officers on the active-duty list befits army command and supervision. In the past, the PLA basically relied on different duty levels to supervise and manage. But levels of duty are not always sufficiently clear, and in an emergency when an officer needs to bypass several grades of leadership or cut across several units to command, his powers will be hampered, whereas an officer rank can clearly mark hierarchies between officers and signal their identities and titles. It is relatively stable and improves the military administration and command system.

The establishment of a nonmilitary post system is a big change in the cadre administration in the Armed Forces. It highlights the position of a professional and technical cadre force. The responsibilities of army, division, regiment, battalion, company, and platoon level active-duty officers are based on the requirements of operational command and are very different from the work of professional and technical cadres. In the past, the ranks of technical and professional cadres were modeled on officer systems—a situation that did not quite fit the duty they carried and, worse, affected their normal promotion. Now professional and technical cadres are classified under the nonmilitary system and divided into junior, intermediate, and senior levels. Many experts and professors welcome and think positively of this improvement, holding that a classified administration will correspond to the law of management and will help retain the core of technical cadres. They also think that since the age for active-duty officers must strictly be young, given the fact that professional cadres generally take a longer time in technical education and job training to reach the professional level, their active-duty age limit should be lengthened. Accordingly, the interim regulations on nonmilitary cadres have put back the retirement age for intermediate and senior technical cadres, which is now basically the same as that for state cadres. The regulations show the concern of the Armed Forces for the professional and technical cadres.

At the Second session of the Seventh NPC Standing Committee, members pointed out that these regulations will strengthen general supervision in the Armed Forces, help supervision by the masses, improve military discipline, enhance the sense of glory and duty in soldiers, help stabilize morale, consolidate national defense, and help our Army in international exchanges.

Judging from the detailed examination and final approval by the NPC Standing Committee and the enthusiasm in the forces, we should know that the military cadre reform has won the hearts of the party, the Armed Forces, and the people.

#### A Reform Most Suited to Our National Situation [sub-head]

During discussions at the meetings of the Central Military Commission Standing Committee, Yang Shangkun stressed that the "Three Regulations" must take the characteristics of our Armed Forces into consideration. The systems and traditions of our Armed Forces are completely different from the forces of other countries. In drafting the regulations, we can take their experience as useful reference, but we must always base the regulations on the actual conditions of the Armed Forces. The "Three Regulations" vividly reflect the characteristics of the Chinese Army. There are a total of 11 ranks on three levels, excluding marshal and generalissimo, but with a newly introduced senior general. The levels are general, colonel, and lieutenant, which comprise senior general,

general, lieutenant-general, major-general; senior colonel, colonel, lieutenant-colonel, major, and captain, lieutenant, and second lieutenant—11 ranks in all.

The introduction of senior general is to be distinguished from the U.S. general of the army and the Soviet marshal; it is very much a Chinese invention. The introduction of this new rank as the highest rank signifies that our Armed Forces have entered a period of peace and reconstruction where the work and duties carried out by the Army are different from that in wartime, and considering that most cadres have no combat experience, there should not be too high a military rank.

The new military rank system practices one post and multiranks; for example, a divisional post holder can be a major-general or colonel, which is not exactly the same as in foreign countries. The main thing is that our Armed Forces are undergoing a transitional period during which the young are replacing the old. Another thing is that every post is given a standard rank, at the same time allowing for a certain flexibility in positions held. In this way differences in qualifications, ability, and contribution can be shown. This is the best way to reflect the characteristics of our Armed Forces.

But what most suits our national situation is the officer service regulations, which clearly reflect the results of reform in the personnel system. The regulations highlight the principle of evaluation on both performance and conduct, actual merits, and democratic supervision. The regulations also specify that commanders at various levels and political organs should hold periodic or non-periodic examinations for officers. The examinations should be evaluated by both the commanders and masses and take the officers' performance as the major criterion and the standard of promotion and discharge. This will enhance the objectivity of the cadre examination and selection system, as well as encourage cadres to work hard for promotion.

Before the interim regulations on nonmilitary cadres were promulgated, many active-duty officers who would be changed to nonmilitary status by force of the regulations were worried about a lowering of their pay and conditions. In foreign countries nonmilitary personnel generally enjoy a lower level of remuneration than their military counterparts. When the Central Military Commission studied this problem, it did not copy the foreign example. Instead, it made a reasonable arrangement, considering the situation that most of the nonmilitary posts are going to be staffed by officers on active duty and the psychological pressure borne by cadres in face of the new system. The regulations prescribe "one retention," namely, retention of military status; "one level," that is, the same salary level; and "four no changes," meaning that political treatment, living provisions, permission for officers' families to be attached to the army base, and other privileges and compensations will be the same as the ones currently enjoyed by officers on active duty.

The introduction of the "Three Sets of Regulations" will greatly strengthen the modernization and regularization of the Armed Forces.

#### 'Democracy' Seen in Reforms

*OW0108081988 Beijing XINHUA Domestic Service in Chinese 1141 GMT 27 Jul 88*

[Excerpts] Beijing, 27 Jul (XINHUA)—The great tide of reform has had a great impact on the PLA cadre system, which was something mysterious and closed to the outside world. The breeze of "democracy," "transparency," and "competition" has brought vigor and vitality to the Army's cadre work, giving rise to a large number of young cadres having both ability and political integrity and forcing people who drift along aimlessly to leave their jobs. These changes give a strong impetus to the efforts to make the PLA a revolutionary, modern, regular army. [passage omitted]

Democracy prevails in the employment and evaluation of cadres in many military units. A system of democratic appraisal and supervision, rewards for the diligent, penalties for the lazy, and selection of the best has been widely adopted. As a result, the vast numbers of cadres have abandoned the idea of "holding an iron rice bowl" and living an easy life as an officer" and are advancing in a pioneering spirit. Most of the units in the Jinan Military Region have implemented a system under which cadres are held responsible for the attainment of certain objectives during their tenure and a system under which cadres regularly report their work to the meeting of representatives of service members. During the last 2 years, 315 cadres in the military region who failed in their jobs were either sent down to lower units to gain experience; required to correct their actions before a given date; or demoted according to the rules, after being carefully appraised by the masses. This has greatly shaken those who thought that they would be "safe in their posts as long as there is no big trouble" and that they would be "promoted as they gain seniority." [passage omitted]

How to avoid dependence on the superior's impression and to find an accurate scientific base in the selection, evaluation, and promotion of cadres is another major subject of reform of the cadre system undertaken by various military units. Since 1986, the Navy's cadre department has developed a multiple-inputs comprehensive performance evaluation method. The method requires careful evaluation of the cadre's performance at different levels as reported by the cadre himself, written examination, and an evaluation sheet to be filled out by the masses and his superior. The method tries to conduct a quantitative and qualitative analysis of the cadre's integrity, intelligence, ability, performance, and physique and to draw a relatively fair and objective conclusion from all the inputs. Everyone accepts the results of this performance evaluation method without complaint. [passage omitted]

**PLA Officers Transferred to Civilian Posts**  
*OW3107034688 Beijing XINHUA Domestic Service  
in Chinese 0041 GMT 27 Jul 88*

[Excerpt] Beijing, 27 Jul (XINHUA)—The work on transferring active-duty military officers to civilian posts, the first such move in PLA history, has been basically completed. A great number of these military officers-turned civilian cadres, after taking off their military uniforms and putting on civilian clothes, have not discarded their lofty aspirations and have continued to devote themselves to building the Army in their respective posts.

Since 27 April, the day when Deng Xiaoping, chairman of the Central Military Commission, signed an order to promulgate the "Provisional Regulations Governing Civilian Cadres of the People's Liberation Army", the work on transferring active-duty military officers to civilian posts has been carried out in the whole army. The work, a major reform in PLA history, has been carried out smoothly in the past 3 months or so. The PLA General Logistics Department had tremendous work to do. About 60 percent of the officers of various departments under it were to be transferred to civilian posts. Thanks to the leadership of the leading organs of the department and concerted efforts of everyone, it has now completed its organizational and job-assigning work. Some 10,000 military cadres under the Jinan Military Region have been transferred to civilian posts, and over 200 units, including warehouses in secluded islands and valleys, of the region are now mainly staffed by civilian workers. These units have begun their work under the new organizational system, and are full of vitality.

In the process of transferring military officers to civilian posts, the vast numbers of soon-to-become civilian staff, whether they were veteran officers with years of seniority or newly-promoted officers, had welcomed the reform, subjected themselves to the general situation, and maintained their fighting spirit, demonstrating a great sense of revolutionary responsibility. [passages omitted]

**Reform Concluded 1 Aug**  
*OW3007113688 Beijing XINHUA in English  
1122 GMT 30 Jul 88*

[Text] Beijing, July 30 (XINHUA)—More than 100,000 military officers will take off their army uniforms and become civilian staff on August first, a high Chinese official said here today.

"They will be the first batch of civilian staff in the 3-million-strong military forces," said Yang Baibing, director of the General Political Department of the People's Liberation Army.

The announcement was made at a special meeting convened by the Central Military Commission and attended by more 1,200 soon-to-become civilian staff members from the Air Force, Navy and Ground Army.

Top leaders Zhao Ziyang and Yang Shangkun and other senior officials were present at the meeting.

Yang Baibing said the civilian staff will include scientists, research fellows, teachers, specialists, doctors and nurses, artists, sportsmen, editors and news reporters.

He called the move an important reform to help modernize the army.

Along with the civilian staff system, a new military rank system will also be adopted on August 1, the 61st anniversary of the Army Day.

**Yang Baibing on 'Major Reform'**  
*OW3108065388 Beijing Domestic Service  
in Mandarin 2230 GMT 31 Jul 88*

[Recorded Report] by station reporters Liu Zhangle, Wang Shude, and Pan Hongxing on 30 July Central Military Commission meeting for civilian cadres of PLA units stationed in Beijing, presided over by Hong Xuezhi, Central Military Commission deputy secretary general]

[Text] [Hong Xuezhi] Comrades: The Central Military Commission has decided to implement a system of PLA civilian cadres. This is a major reform in our army. With the 61st anniversary of the founding of the Chinese People's Liberation Army approaching, the Central Military Commission has called this meeting of civilian cadres in PLA units stationed in Beijing. On behalf of the Central Military Commission, I wish to take this opportunity to extend my Army Founding Day felicitations and best regards to all the civilian cadres and commanders and fighters in the army on all fronts and at all posts. [applause]

Attending today's meeting are Comrade Zhao Ziyang, general secretary of the CPC Central Committee and first deputy chairman of the Central Military Commission [applause]; Comrade Yang Shangkun, president of the People's Republic of China and permanent vice chairman of the Central Military Commission [applause]; other leading comrades of the Central Military Commission; leading comrades of the PLA General Staff Department, General Political Department, and General Logistics Department; leading comrades of the PLA units stationed in Beijing; representatives of the civilian cadres of PLA units stationed in Beijing; and representatives of the commanders and fighters of the three branches of service, the army, the navy and the air force. On behalf of the Central Military Commission, I wish to warmly welcome all the comrades attending this meeting. [applause]

2 Aug 1988

Now Comrade Yang Baibing, member of the Central Military Commission and director of the PLA General Political Department, will make a speech. [applause]

[Yang Baibing] Comrades, on the eve of the 61st anniversary of the founding of the Chinese PLA, the Central Military Commission is solemnly holding this meeting of civilian cadres of PLA units stationed in Beijing to warmly celebrate the glorious emergence of the first batch of PLA civilian cadres. On behalf of the Central Military Commission and the three PLA general departments, I wish to extend my sincere greetings and pay high respects to the comrades here. [applause]

The PLA's civilian cadre system has been established on the direct proposal and under the kind concern of Chairman Deng. Vice Chairman Zhao and Vice Chairman Yang have attached great importance to the implementation of this system and issued many important instructions in this connection. Under the correct leadership of the Central Military Commission and through the joint efforts of all the departments in the whole army, the work of designating the first batch of active-duty officers to become civilian cadres has been successfully completed. A 100,000-strong contingent of civilian cadres has emerged for the first time in the army's history. This is a glory for the vast number of civilian cadres and a great event worthy of celebration by the whole army. The civilian cadres include scientists and research fellows who are engaged in the development of science and technology; professors and lecturers who specialize in training military professionals for modern times; specialists, doctors, and nurses in the medical field who heal the wounded and rescue the dying; artists who work in the literary and art field to serve the army; editors and news reporters who have worked hard for many years in the field of journalism and publication; and service personnel who have worked hard for various army organizations.

Over a protracted period of time, they have worked diligently in their own posts, made nothing of hardships, and expended their energies in making important contributions to army building. In the course of becoming civilian cadres, the comrades have readily accepted the arrangements made by party organizations, in spite of their high ranks in the army, and helped the implementation of the interim regulations on civilian cadres. The qualities of the civilian cadres are excellent. You are worthy of the name of the pioneers of the army, and you certainly live up to the expectations of the people. The introduction of the civilian cadre system is a major reform in building the contingent of army cadres. It keeps pace with the general trend in reforming China's personnel system. In his report to the 13th National CPC Congress, Comrade Zhao Ziyang pointed out: To reform the personnel system relating cadres we must alter the single category of state cadres and convert the current unified central management by establishing a number of categories. We must abandon the current practice of

managing all personnel according to the same single pattern applied to party and government cadres and institute different management systems for different categories of cadres.

We have inherited the original management system relating army cadres from the years of war. Following the continuous development in army building, our army has changed from a single infantry army into a combined force of various services and arms. Profound changes have also taken place in the structure of cadres. There are more and more specialized technical cadres, and the ratio of such cadres is becoming greater and greater. The introduction of the civilian cadres system is precisely aimed at coping with this new situation. By doing so, we will be able to change the single pattern applied to cadres in the past and to institute different management systems for different categories of cadres with a scientific approach. This fully reflects the guidelines laid down by the 13th National CPC Congress and marks tremendous progress made by our army in implementing the management system relating to cadres.

The introduction of the civilian cadre system is an objective requirement for strengthening the PLA's modernization. Following the renewal of weapons and military equipment and the development of science and technology, the specialized technical cadres have played an increasingly important role in army building. It can be said that the number and the quality of professional and technical personnel are important indications of the level of modernization of the army. Without a large number of engineers, scientists, educators, military theoreticians, writers, and artists and all types of professionals of great attainments, there will be no army modernization. A salient feature of army modernization in many nations throughout the world is the integration of active-duty officers and the army civilians.

The introduction of the civilian cadre system will help stabilize the contingent of specialized technical cadres and retain them, improve their management and training to bring their talents better into play, and increase the channels for recruiting specialized technical cadres for army construction in various fields. Further perfection of this system will give a strong impetus to the army's modernization.

Comrades: Civilian cadres constitute a major and indispensable force in our army building. As the pioneers in implementing this system, you should not only feel the glory but also the heavy responsibility in this regard. You must continue to write the history of civilian cadres, portray their image with your words and deeds and explore ways to develop the system of civilian cadres—a system with the characteristics of our army. You must adopt a new attitude, a new standard, and a new workstyle to actively participate in promoting the great cause for army reform and modernization; and demonstrate a brand new style of our army's first batch of civilian cadres in all fields of endeavor.

The Central Military Commission hopes that you will earnestly study the party's line, principles, and policies as well as the guidelines laid down by the various directives issued by the military commission; further improve your ideas and concepts; enhance your awareness in carrying out reform; fully realize the status and role of the civilian cadres; cherish the army as well as the civilian jobs; and dedicate yourselves to developing national defense. Efforts must be made to diligently study one's profession, strive to raise one's professional or technical level, try one's best to fulfill one's responsibility, and perform one's own duties with high standards. Civilian cadres and officers in active service should work in unity. They should respect one another, learn from one another, and make concerted efforts to accomplish all missions. Civilian cadres should always keep in mind that they are still PLA cadres, take the initiative to obey law, supervision, and command, and uphold military honor to add new lustre to the armed forces with actual deeds.

Leading organs and leading cadres at all levels should show concern for civilian cadres' growth. They should study the new situations and new problems appearing after the institution of the system. On the basis of the experiences gained by all trades and professions in employing civilian cadres and the Provisional Regulations Governing Civilian Cadres, they should set up a compatible supervisory system. They should realize that the civilian cadre system is new, and it takes time before it can be perfected and fully understood by the people. It is natural that some comrades cannot immediately adapt to civilian work after wearing military uniforms for as many as several decades. Leading authorities at all levels should be attentive to their pleas, understand their wishes and requests, show greater concern for them, and give them more assistance. To arouse civilian cadres' enthusiasm and give full scope to their roles, we should make efforts to encourage people in the armed forces to respect knowledge and civilian cadres.

Comrades, the ongoing reform in our country is in a crucial period, and the reform in the armed forces is increasing. We should correctly estimate what we have achieved in reform, analyze our problems realistically, and be mentally prepared for problems that we will encounter during this period. Comrades in the armed forces must continue to emancipate their minds, support reform, and get involved in it. Not only should they share the results of reform but also its risks. Under the guidance of the party Central Committee and the Central Military Commission, they should exert vigorous efforts to make reform a success and surmount all difficulties along the way.

Comrades, as the first group of civilian cadres in the military, you will be recorded in the annals of the PLA development as trailblazers. The party and the people trust you, and comrades throughout the armed forces have high hopes for you. I believe you will treasure your [words indistinct], fulfill your responsibilities properly,

give full scope to your capabilities, and contribute to building the PLA into modern, regular, and revolutionary armed forces. [applause]

**PLA Airborne Units Train on Tibetan Plateau**  
*HK0108021388 Beijing ZHONGGUO XINWEN SHE in Chinese 0356 GMT 30 Jul 88*

[Text] Xining, 30 Jul (ZHONGGUO XINWEN SHE)—China's airborne units underwent experimental parachute training for the first time on the Qinghai-Tibet plateau. The training indicates that the airborne units have basically mastered the laws of air-dropping and parachuting on the plateau and are capable of conducting operations there.

China's airborne force was founded in the early 1950's. After 30-odd years of development, it is now capable of moving and reacting quickly. Its parachute techniques and ability to exist in the field can match the advanced airborne units of other countries. As an essential force of China's mobile and quick reacting troops, it can meet the requirements of limited warfare and eventualities.

Prior to the current training, it has been reported that the airborne units successfully conducted training under various topographic conditions including the cold region in the northeast, the paddy fields in the south, the tropical forests in the southwest, and rivers and marshes.

Various types of parachutes were used and some new airborne unit equipment was tested in the training exercise conducted in the Gobi desert at the foot of the Kunlunshan; the "parachutist—9" type parachute made by the airborne force was particularly noticeable. The data of the experiment indicated that this parachute was applicable for parachuting on the plateau and its functions surpassed advanced world levels.

Apart from parachuting, the airborne units also underwent training in field existence on the plateau. The parachutists fulfilled the tactical training which included marching, cooking meals, and camping on the Gobi desert and the Kunlunshan mountain area, providing operations of the airborne units with theoretical figures and some experience.

Following the streamlining of the Chinese Army, a senior commander of the airborne units said that the units, as a reserve force, have increased their sense of mission.

**Newspaper Expose on Speculation Problems Cited**  
*HK0108080488 Beijing ZHONGGUO XINWEN SHE in Chinese 0701 GMT 27 Jul 88*

[Report: "Bureaucracy in Commerce Has Caused Great Harm to 360,000 Companies"]

[Text] Beijing, 27 Jul (ZHONGGUO XINWEN SHE)—Various types of companies which have registered with state commercial departments have increased to 360,000

so far, of which 250,000 "do business by cheating." As an article in "JINGJI RIBAO" reveals today, with one namecard, one handbag, one telephone, one business license, and one bank account, some bureaucrats can make an astonishing fortune by reselling commodities on just one occasion through the companies they run. This is an evil hand extending into the circulation channel.

These "speculationist officials" in the circulation channel, the article points out, have made big money by raising prices at will. Aluminum costs 4,400 yuan per ton, but it may rise to over 10,000 yuan under a private transaction; the price of steel also doubles under a private transaction. These companies use their powers to make trouble in the circulation channel. They do not create wealth or value for our society but have instead raised tremendously the prices of capital goods.

From 1987 to the first half of 1988, the State Administration for Industry and Commerce cited 317 major speculation cases, of which 58 were perpetrated by materials supply departments. They used their powers to resell commodities at a profit. These commodities included cars, steel, petroleum, chemical fertilizers, aluminum ingots, timber, and cement, which are all in short supply.

The article criticizes these bureaucratic companies for using their powers as the capital of "speculation," thereby causing serious pollution to the environment for developing commodity production and the commodity economy. We wish the State Council a success in its determination to straighten out companies that mix government administration with enterprise management and to remove this deep-rooted ulcer from China's economy. Only in this way will price reform produce good results beneficial to the country and the people.

**Price Hikes Cause Value of U.S. Dollar To Double**  
*HK3107061288 Hong Kong AFP in English*  
*0551 GMT 31 Jul 88*

[Text] Beijing, July 31 (AFP)—Recent price hikes in China have led to a jump in the currency black market, especially for the U.S. dollar, whose value has doubled against the official rate in southern cities, Western sources said Sunday.

The greenback was trading for eight yuan on the streets of southern Chinese cities, and for 6.9 yuan in Beijing, while the official rate continues to be 3.71 yuan, according to Western sources.

Foreign Exchange Certificates (FEC), a special currency in yuan for foreign tourists, were changing hands at 70 percent over face value in Beijing and 85 percent in the south, the sources said.

Before price rises in June and July, the dollar was fetching no more than five yuan in the Beijing black market, and FEC's traded at 50 percent over face value, observers said.

The FEC, convertible into hard currency, is sought by Chinese because it can be used to buy rare commodities such as televisions and foreign cigarettes in special stores reserved for foreigners, observers said.

It is also very useful for those seeking to go abroad and for enterprises which want to import goods, but cannot obtain hard currency in the official market, Western experts said.

Prices rose by 19 percent in June compared to June 1987, according to official figures. The government Thursday liberalized the prices of some spirits and cigarettes, and their prices jumped by more than 500 percent.

Since 1979, when China embarked on its programme of economic reform, a currency black market has appeared on the streets of many Chinese cities.

Foreigners are often approached in front of their hotels by people using the ritual formula: "Change money?"

The value of the dollar on the Chinese black market has never reached the astronomical levels seen in countries such as Vietnam and Poland. But the current rises are an indication of the drop in the real value of the yuan, which is kept artificially high, Western experts said.

**Tourists Can Expect Higher Prices Next Year**  
*OW2907212288 Beijing XINHUA in English*  
*0930 GMT 29 Jul 88*

[Text] Beijing, July 29 (XINHUA)—Tourists from abroad can expect to pay an average of 10 percent more to travel in China beginning next year.

These price adjustments, already approved by the State Council, will mainly be on food, transportation, and other charges related to tourism, China's National Tourism Administration reported today.

Food prices are expected to rise 20 percent, those for transportation about 20 percent, and other tourism fees will go up less than one U.S. dollar per person per day, an administration official announced.

"These price adjustments are necessary because of the prices of food, imported motor vehicles, gas and diesel fuel have gone up," the official said, adding the charges for tour guides, travel agency commissions, and promotional fees will not change.

Hotels in China's most popular tourist spots are expected to keep their prices stable because supply and demand is basically balanced, the official said, but the state is allowing a 15 percent increase in hotel fees to allow for renovation.

Now only Jiangsu, Guangdong and Fujian Provinces are currently empowered to set hotel prices. In 1989 the state plans to give this power to more local tourism bureaus and price administrations like those in Beijing, Shanghai, and Tianjin, but local agencies will be required to report any adjustments to the state.

Also next year, travel agencies will be have the right to adjust state-set prices at a reasonable rate during peak seasons and within a 30 percent limit in slack seasons.

Another important change for next year is compatriots from Hong Kong, Macao, and Taiwan and Overseas Chinese, who now all enjoy discount rates when traveling on the mainland, will have to pay the same prices for their hotel rooms, food and transportation as other foreign tourists. But they are expected to enjoy certain discounts in other minor service charges. China's tourism officials agree, next year's price increases are not expected to affect the growth of China's tourism industry.

Prices for foreign tourists traveling in China are jointly set by the National Tourism Administration and the State Price Administration.

**'Economic Discourse' Views Wage Reform**  
*OW3007140188 Beijing XINHUA Domestic Service  
 in Chinese 0000 GMT 28 Jul 88*

[By XINHUA reporters Tong Baogen and Zhang Rongda]

[Text] Beijing, 28 Jul (XINHUA)—Economic Discourse: Pay Workers and Staff Members in Money and in Kind

In recent years, the following phenomenon has prevailed among the workers and staff members in China concerning their income: Some people's wages are not high, but their incomes are ample. Their incomes may greatly exceed their wages. There is a touch of irony when they say that "A true man does not live on his wages." Naturally, there are also many people who have no other incomes besides their wages, and their life is not affluent.

According to statistics, the average wage of a worker in a state-run enterprise in China in 1987 was only 9.3 percent higher than in 1986. The actual average rate of growth in wages was only 0.5 percent if price increases for consumer goods needed by an average worker are taken into consideration. The statistics in some cities showed that the living standards of 30 to 40 percent of the workers and staff members even dropped. These are figures that make people feel uneasy.

However, another kind of phenomenon is observed in real life. In 1987 when the workers' savings were continuously increasing, the total volume of retail sales for that year registered an increase of over 20 percent compared to 1986, and a large number of high-grade durable consumer goods have found their way into workers' families. The trend of competing with one another in buying things prevails from east to west and from south to north throughout the country. Many workers and staff members are loaded with cash, complaining about the shortage of color television sets and famous-brand refrigerators on the market. This kind of situation reflects an issue of income distribution that we cannot tolerate. The issue is: the workers' nonwage incomes in cash and in kind are colossal figures.

According to an estimate made by the comrades in Shanghai Municipality, the nonwage incomes of all the workers and staff members in Shanghai in 1987 were equivalent to 20 percent of the total amount of their wages. According to an estimate made by the comrades in Guangdong Province, the nonwage incomes of all the workers and staff members there were equivalent to approximately 30 percent of their total wages. According to an estimate made by the Department of Social Affairs under the State Statistics Bureau, the nonwage incomes of all the workers and staff members in the country were equivalent to about 15 percent of the total amount of wages. In 1987, this amount of nonwage incomes exceeded 20 billion yuan.

It should be said that the nonwage incomes of the workers and staff members play a definite role as a form of subsidy for living expenses. Some people even cannot make ends meet without such additional incomes. They are like charcoal in snowy weather. For example, a worker whose wage is less than 70 yuan per month will have difficulty supporting his family without any additional income. However, many people actually have no difficulty in making a living. Their additional incomes are like adding flowers to the brocade. Naturally, there is no need for us to blame individual workers and staff members for spending too much money. The reform and open policy has raised their living standards. We cannot consider the purchase of high-grade consumer goods such as color television sets unnecessary. At the present moment, excessive consumer spending only refers to excessively high institutional purchasing power and those who must offer seafood when they entertain guests and prefer to ride in Crown brand limousines. Only these should be considered unnecessary expenses.

What needs to be pointed out here is that cash and other articles issued by some institutions and enterprises to their workers and staff were things that should not have been given. Moreover, they were distributed on an egalitarian basis. This is a problem that merits deep thought. Such a practice cannot help raise work and economic efficiency and, as a result of competing endlessly for the amount of cash and grade of articles issued, will ultimately produce negative effects to the detriment

of the work and production. Another aspect of the problem is that some enterprises that contracted workers on a short-term basis often tried to stimulate their enthusiasm by issuing them cash or articles during the contracted period, or even to rely on such practices for additional gains for individuals or collectives.

A rubber factory in Shanghai issued each of its workers 20 jin fine quality rice during the Spring Festival. The workers were pleased. Later on, however, they became dissatisfied when they learned that a nextdoor machine-building factory gave each of its workers a pork ham. Finally the rubber factory had to give each of its workers a ham. To explore the channels for cash and articles, some enterprises marketed and sold their commodities at negotiated prices, while entering into the account books the fixed prices. Others transferred their profits through labor service firms. Still others fabricated their account books in order to withdraw cash from the bank. Some institutions without economic revenues also tried every means to explore financial resources by setting up businesses or requesting "donations."

Such unauthorized issuance of subsidies in cash or in kind to workers and staff has adversely affected the existing wage system. China still lacks an automatic wage adjustment system, and nationwide uniform measures have been taken to forcibly control consumption funds by all localities and to levy bonus and wage adjustment taxes on all enterprises. State subsidies to the workers and staff in the course of the price reform cannot help them make ends meet.

In view of the above, it is imperative to strictly enforce the economic regulations and strengthen the wage reform in order to rectify the malpractice of issuing cash and goods. However, some institutions and enterprises have failed to observe the law or felt it difficult to abide by the law, thus driving up commodity prices beyond the capability of low-income workers and staff. Only by carrying out reforms can the "existing situation" be changed and such "feelings" overcome.

**Journal Urges Control of Financial Industry**  
*HK0108032088 Beijing JINGJI GUANLI*  
*in Chinese No 5, 1988, pp 18-19, 23*

[Article by Lin Shengyuan (2651 5110 3220) and Deng Fugen (6772 1381 2704), edited by An Luming (1344 6424 2494): "Macroeconomic Control of Competition in the Financial Industry"—passages in boldface as published]

[Text] A socialist economy is a planned commodity economy. Competition between enterprises is the basis and innate motivation of commodity economy. Socialist financial organizations, such as special enterprises, should like other enterprises develop competition. However, this type of competition should never be uncontrolled nor should it be an "all in a rush" kind of

financial competition, because this may lead to confusion in the socialist financial enterprises and even to the disruption of the entire national economy. Hence, under the preconditions of acknowledging competition and acknowledging the necessity of vitalizing microeconomic finance, we must pay special attention to the macroeconomic control of competition in the financial industry. This article purports to put forth some crude views on the four aspects of carrying out financial competition, business scope, scale of loans, and structure of loans.

**I. Need to Carry Out Macroeconomic Control of the Steps in Competition [subhead]**

The criss-crossing and competition in the businesses of financial organizations—being an important reform of the financial structure in which the Central Bank previously "unified the universe" and subsequently the specialized banks "larded over each locality"—needs to be carried out in a planned and systematic way. In carrying out competition, we should strive to achieve the "four unanimities": (1) Unanimity with the general rules of the development of things being initially easy and subsequently difficult, initially simple and subsequently complex, initially narrow and subsequently wide, initially shallow and subsequently deep. Seen from the current conditions, criss-crossing in the savings deposits business existed early and already had many experiences. We should start with it and continue to have it expanded. (2) Unanimity with the degree of development of the socialist commodity economy. At present, our commodity economy is still in an embryonic stage, the various market mechanisms have not yet matured and development on various sides is still very imbalanced. Under such conditions, anxiety to develop "all-around" financial competition not only cannot play the role of the "first promotional force" of funds but also may hamper the development of the economy. (3) Unanimity with the steps and measures in the reform of the economic structure. Reform is a systematic procedure. Only when the various reforms proceed in a coordinated manner can we reap the anticipated results. For example, in the reform of the financial structure, when the commercialization of the specialized banks has not yet been truly realized, when the various kinds of the economic responsibility system have not yet been truly enforced, when the all-around loan relations have not been fully established and when the multitude of problems such as each edging out the other for funds, and so forth, have not yet been definitely solved, if the steps in financial competition are overly large, then various kinds of adverse phenomena may appear as disregarding the cost of production, wanton establishment of structures, wanton addition of personnel, wanton waste of money and goods, disregard of the macroeconomic benefits and random granting of loans, ultimately leading to loss of control in finance. (4) Unanimity with the business level of the financial organization itself. Since generally speaking the business quality of the working personnel in finance cannot improve to match the steps in the reform,

competition in many high and difficult projects, such as in scientific and technological loans and loans involving risks, should not be developed in an all-around and venturesome manner.

For the sake of allowing competition in the financial industry to develop in a healthy manner, the Central Bank, in its capacity as the leadership and management organ of the financial enterprise, may follow the principle of the "four unanimities," formulate in stages and systematically regulations of a restrictive nature (embracing guiding thought, business scope, policy, measures and so forth for each step in competition) and have them enforced; in addition, investigation and research work must be reinforced, piloting work for raising competition to a higher level should be carried out well, and promotion and deepening of competition in finance should likewise be promptly carried out. Simultaneously, it is necessary to strengthen the compilation of financial statutes and resort to legal measures to ensure the normal development of competition in finance.

## II. Need To Carry Out Macroeconomic Control in Scope of Business [subhead]

In enforcing macroeconomic control in carrying out competition in the financial industry, the macroeconomic control of the scopes of business of the various financial organs is already included. Each and every step in financial competition touches on the expansion of the scope of business, that is, the problem of the expansion of the criss-crossing area of business. According to the principle of the "four unanimities," regarding each and every step in competition a general limitation should be made on the scope of business.

The reasons for this are: First, the existing financial structure basically still maintains the situation of "separate domination by four dragons." The change in the distribution form of the credit and loan funds of the Central Bank is only from originally by departmental orders to combination of orders by departments and localities and delegating the power of granting loans to the second-grade branch offices; the various specialized banks still have their own associated units and loan targets can still be conveyed by departmental orders. Under such a structure, there is too much business intersection in the financial organs, and this is disadvantageous to stabilizing the financial situation and the realization of the state's targets of macroeconomic control.

Second, in their prolonged practices within their original scope of division of work, the various financial organs have become well versed in the objects of their own services which form their own special features and work experiences but they are relatively new and not accustomed to other areas of work. To have to leave the areas in which they are well versed and all of a sudden handle too many new and fresh items of work is hardly workable. Hence, the existing basic business scopes of division of work should continue to be maintained and the intersection areas can only be developed gradually.

Third, if a general demarcation of the business scope is not made, then once competition is developed, the crucial points will possibly be concentrated on certain pieces of "fat meat" which attract people's attention and as a result there will appear the situation of "pulling each other's legs" and mutually off-setting each other's influence. Regulating the general business scope of each party will push the various financial organizations simultaneously with performing well the businesses within the scope of the division of work, to turn more of their attention to the "virgin areas" which have not yet been developed and to "far-off places" to actively develop various kinds of financial business and widen their areas of services.

The Central Bank which occupies a relatively detached and at the same time a leadership position should fix the business scope of the financial organizations, based on the principle of "division of work in general and allowing suitable intersection." It seems that besides allowing the various financial organizations (Bank of Communications excepted) to take responsibility for the granting of 80 percent of new loans, subsequent gradual opening up may still be possible depending on changes in the conditions. As for the competition for business in savings deposits, the geographical distribution of network points should be generally regulated so as to prevent the organizations from setting up branches wantonly and redundantly; the areas of intersection may not be regulated. On the basis of abiding by the regulations on the scopes of business, the various financial organizations may extend their businesses to other areas. Against those financial organizations violating the regulations on the business scopes, the Central Bank, aside from taking administrative actions, may adopt various kinds of economic measures is contravention.

Following the demarcation of the business scopes in general, the various financial organizations should offer high-quality financial services in various forms and with various and many contents to attract and absorb their original clients so as to stabilize their own foundation work and must refrain from using improper tactics to dispel their adversaries.

## III. Need To Carry Out Macroeconomic Control Over the Scale of Loans [subhead]

The existing financial structure adopts a dual control target, that is, control of the volume of supply of money and control of the gross scale of loans. Since the market has not yet developed, the "disease of hunger for investment" not been cured, and the financial control measures have not yet been perfected, the gross scale of loans is still the main target of control. Hence, in the competition in finance, strengthening the macroeconomic control over the scale of loans carries a larger significance.

The Central Bank's loans to specialized banks constitute the basic measure in realizing the targets of the monetary policy. People's banks at various levels should grasp the

granting of loans to specialized banks only within the amounts sanctioned by the higher level and in accordance with the economic development of the locality and the loose or tight condition of the money market. No breakthrough is allowed without being sanctioned beforehand.

Acting within the scale of loans sanctioned by higher levels, financial organizations should insist on the principle of granting more loans when there are more deposits, less loans when there are less deposits and generally seeking a balance. Of the loans, those for fixed assets should be limited to the mandatory plan, those for grain and cotton may be mutually adjusted but their repayment should be collected at the time of harvesting the grain or cotton crops. The covering principle is that grain and cotton purchases should not be affected and that there is no breakthrough in the gross scale of loans.

Once the war of competition starts, the quest for loans and society's demand for funds will follow the expansion of the business scope of the financial organizations and increase. The possibility of breaking the gross scale of loans will increase. In guiding the normal development of the competition in finance, the Central Bank should strengthen its supervision and auditing of the financial organizations taking part in the competition; at the same time it should organize well bills discounting work in the financial community, duly adjust the surpluses and shortages of funds and keep the "basket" of the gross scale of loans tightly protected.

The emergence of competition in finance will make the originally confusing financial situation change more quickly and become all the more unpredictable. Hence, loans to the specialized banks cannot remain unchanged year after year as before but must, in accordance with the loose or tight condition of the money market, be readjusted quarterly, monthly or even constantly as necessary. When the money market is overly loose, the scale of loans should be suitably reduced and when the money market is too tight, then the scale of loans should be suitably expanded. At the same time, whenever necessary we should resort to the measure of readjusting the deposit reserve rate to loosen or tighten the money market and to readjust the gross scale of loans. In order to be able to promptly and effectively control the fast changing currency situation due to competition in the financial industry, branch offices to the Central Bank which directly grant loans to the specialized banks should also have the power to make such adjustments.

#### IV. Need To Carry Out Macroeconomic Control Over the Structure of Loans [subhead]

Prior to the opening up of competition in the financial industry, objectively the problem of rationalizing the structure of loans already existed. After the opening up

of competition and the decision-making power in granting of loans on the part of the various financial organizations having been extended, the tasks of carrying out macroeconomic control of the structure of loans are particularly many and heavy.

Under the conditions of competition, due to various causes including price twisting and others which bring about great disparities between the profits of different industries and trades, various financial organizations, possibly because they are anxious to succeed quickly and reap instant profits, tend to put their credit and loan funds on the short-term highly profitable socalled "short-cheap-fast" projects (of which a sizable portion could be projects which are backward and liable to be eliminated soon) and not on those advanced, basic and major projects (such as communications, energy and raw materials projects) which require long-term investments and temporarily produce relatively low profits. This forms an irrational loan structure, aggravates the imbalanced state of the economic structure and causes, on the one hand, the supply of certain products lagging behind demand and increase in commodity prices and, on the other hand, the supply of a large quantity of products surpassing demand, being stockpiled or wasted and thus impeding the national economy from developing in a coordinated and stable manner.

In solving the problem of the loan structure being irrational, the Central Bank plays a very important regulating role. Central Bank offices at various levels must all deepen their investigation and research, reinforce their liaison and consultations with the relevant departments, grasp knowledge of the resources structure, industrial structure, enterprise structure, products structure and market structure in their respective areas of control. They should set up files of materials, periodically carry out analysis and forecasting, fix the main input target of loans for a stated period and frequently relate to the specialized banks their own wishes and relevant information so as to guide the direction of the input of loans. If they discover that the input direction of the specialized banks' loans is questionable they should resolutely stand against any unreasonable intervention, and vis-a-vis the specialized banks adopt various measures involving decisions such as to grant loans or not to grant loans, grant more loans or less loans, raise or reduce the interest rate, grant or not to grant rediscount privileges, and raise or lower the rediscount rate, and so on, so as to force the specialized banks to make their loan structure tend to be rational and thereby to fully display the superiorities of their administrative areas in resources, in industries and in products and in turn bring about the readjustment of the whole economic structure and blossoming of the economy in their administrative areas.

#### Attention Urged to Foreign Trade Profit, Loss HK3007063988 Beijing JINGJI GUANLI in Chinese No 5, 1988 pp 16-17

[Article by Ge Hui [[2047 6540]], edited by Lin Daojun [2651 6670 0689]: "Several Questions Worthy of Attention Concerning Contracted Profit and Loss in Local Foreign Trade"—passages in boldface as published]

[Text] Contracted profit and loss in local foreign trade

can help overcome the long-standing practice of "eating from the same big pot" prevailing in the relations of the foreign trade departments to the central financial authorities. It is also conducive to arousing the enthusiasm of local businesses to engage in export activities. It is thus of positive significance to the deepening of the reform of the foreign trade structure.

However, contracted profit and loss in local foreign trade is after all just a transitional form leading to an ideal model of the foreign trade and must be fully and correctly understood and recognized as such. In other words, we must proceed from reality and take effective, well-considered and concrete steps to develop the desirable aspects and eliminate the undesirable aspects of the practice of contracted profit and loss in local foreign trade.

#### 1. Enterprises Must Become Genuine Contracting Entities [subhead]

The key link in deepening the reform lies in improving the internal operating mechanism of enterprises, invigorating the enterprises and ensuring that they can truly become economic entities that are independent and responsible for their own profits and losses. The application of various systems of contracted management responsibility is a concrete step and important means for deepening the reform. The practice of contracted profit and loss in local foreign trade is in keeping with the direction of deepening the reform and introducing various systems of contracted management responsibility, the aim of all of which is to increase the intrinsic vitality of the foreign trade enterprises and enterprises producing for exports.

In order to correctly recognize and understand contracted profit and loss in local foreign trade, the choice of the contracting entities is of primary importance. Numerous instances since the commencement of reform have told us that there are many drawbacks in having the government as one level of contracting entities. The main drawback is that it will strengthen the function of the government in direct management at the micro-level and make it all the more difficult to separate government and enterprise functions and separate ownership from the power of operation. The direct outcome of this practice is that the vitality of enterprises will be checked, and this goes against the direction of reform, which is to improve the operating mechanism of enterprises. A positive understanding of contracted profit and loss in local foreign trade is that we should appropriately divide and clarify the interests and responsibility between the local and central governments on two levels, namely, between public finance and earning foreign exchange and between earning and using foreign exchange. In this way, we can have two sources of enthusiasm instead of one rather than having the local governments as contracting entities. In contracted profit and loss in local foreign trade, we should make every effort to avoid passing down our work to the lower level and having

governments at different levels undertake the contracting. We must uphold the reform direction of separation of government and enterprise functions and turn the enterprises into genuine contracting entities.

#### 2. Introduce the Competition Mechanism Into Contracted Foreign Trade [subhead]

For many years, contracted management responsibility has not been implemented in our foreign trade in the true sense of the word. With lax control over contracted targets and base figures, the foreign trade enterprises are actually only responsible for profits made, not for losses incurred. The structure where the state assumes overall responsibility for profit and loss remains basically unchanged and the operators do not have to take any real risks. Thus, while making it clear that enterprises would be turned into contracting entities, we should introduce the competition mechanism into contracting. To this end, we must first of all fix the contracted targets at a reasonable level, invite tenders, recruit talented people and do away with the one-to-one negotiations between the government and designated operators. Secondly, we must link the promotion, demotion and material benefits of the operators to their performance. Through competition, a number of talented and business-minded entrepreneurs capable of working alongside international capital will emerge. Thirdly, we must link the material benefits of the staff and workers with the economic returns of the enterprises concerned in order to greatly arouse the enthusiasm of all the members of staff and workers.

#### 3. Uphold the Principle of Encouraging the Advanced and Spurring on the Less Advanced [subhead]

Encourage the advanced and spur on the less advanced should be made an important principle in the formulation of economic policies and the implementation of economic reforms. In the course of reform in the past few years, the phenomenon of "whipping the fast-running ox" occurred time and again. This has seriously dampeden the enthusiasm of the advanced enterprises. We should draw our lesson from this in our practice of the system of contracted management responsibility in foreign trade. To begin with, we must establish a scientific system of fixing contracted targets, which should neither be too tedious nor oversimplified. Our aim is to facilitate execution and assessment while ensuring that the enterprises can be independent, responsible for their own profit and loss and fulfill the contracting requirements. Secondly, we must fix a reasonable base figure for each contracted target. The figure should neither be too high nor too low. The criterion should be that it should be attainable or be able to be surpassed by a certain amount through the joint efforts and hard work of the enterprise operator and the staff and workers.

#### 4. Clearly Define the Rights and Obligations of the Contracting Parties [subhead]

The government and the enterprise operator, as the contracting parties, have their respective rights and obligations. Such rights and obligations should be symmetrical. The contract must be notarized and made legally binding in order to safeguard its solemnity. The operator must honor and fulfill the terms and targets laid down in the contract and bear the risks involved. The government must, in accordance with the contract terms, provide the enterprise with the external conditions and environment for the smooth running of business activities. For example, the government must recognize the autonomy of the enterprise and ensure that the enterprise can obtain sources of raw materials, funds, technology, information, labor and other important elements of production from domestic and overseas markets. When major readjustments are made in state economic policies, any infringement upon the interests of the enterprise must be appropriately compensated. In the past, the government often failed to honor its obligations. This factual imbalance in the rights and obligations between the two contracting parties often puts the contractors in a tight spot. In implementing the contracted management responsibility system in foreign trade, every effort must be made to avoid this unreasonable phenomenon.

#### 5. Strengthen Guidance of Local Investment Activities [subhead]

An accompanying phenomenon of the practice of contracted profit and loss in local foreign trade is the tipping of the balance to investment activities of a short-term nature. Thinking only of immediate interests and neglecting long-term interests, people invest their funds on the export of raw materials and primary processed goods which can easily generate foreign exchange earnings and profits. This is not conducive to the optimization of China's export mix. It also means competing with the rest of the country for raw materials and will sharpen the contradictions between demand and supply. We must base ourselves on the existing foundation and have our eyes on the future so as to increase the stamina of our export trade. Hence, while implementing the practice of contracted profit and loss in local foreign trade, we should strengthen the measures of macroeconomic regulation and control, guide the investment orientation by means of financial measures, taxation, customs duties, credit and other economic levers and overcome possible investment activities of a short-term nature so as to ensure the realization of the state's industrial policies and foreign trade development strategies.

#### 6. Promote Commodity Exchange and Economic Ties Between Regions [subhead]

Another accompanying phenomenon of the practice of contracted profit and loss in foreign trade is regional blockade, which poses a major stumbling block to the development of commodity production and commodity exchange. Every region has its own strong and weak points. The idea is to stress the strong points and avoid

the weak points. We must develop our own strong points, be good at utilizing other people's strong points to make up for our own weak points, and develop economic coordination and economic ties. It is only through comparative advantages that it will be possible to obtain comparative benefits and this is the only way to produce cheap but nice products that can compete in the international market in terms of cost and quality. Thus, we should greatly encourage economic ties between regions, establish different forms of export enterprise groups and turn isolated advantages into combined advantages. The governments at all levels should encourage and support the development of economic ties rather than interfere.

#### 7. Strengthen Unity in External Dealings and Avoid Rash Actions [subhead]

Rash actions of dumping goods on the international market is in essence an expression of short-term business behaviors. After the implementation of contracted profit and loss in local trade, if effective measures are not taken, the problem of export enterprises acting rashly might aggravate under the dictate of short-term considerations. In order to check this phenomenon, we must first make sure that the export enterprises become truly independent entities responsible for their own profit and loss. Through self-restraint on the part of the enterprises, rash actions can be reduced. Secondly, the state must strengthen its macroeconomic management and organize united actions in external dealings. Thirdly, the role of chambers of commerce should be brought into play. Through mutual constraint between enterprises, unity can be achieved in external dealings.

The methods of implementing contracted profit and loss in local foreign trade involves aspects and problems. The work is both concrete and complicated. Care must be taken to develop the desirable factors and eliminate the undesirable factors at every link. The above points are but the major and more common problems.

#### Labor Law for Foreign-Funded Enterprises Urged OW2907133988 Beijing XINHUA in English 0727 GMT 29 Jul 88

[Text] Beijing, July 29 (XINHUA)—China needs to draft special laws to handle the growing numbers of labor disputes in foreign-funded enterprises, today's "CHINA YOUTH NEWS" reported.

In Shenzhen Special Economic Zone, labor disputes led to 21 strikes in 1986 and 1987, the paper said, adding that more are likely to break out if these issues are left unsolved.

In a Hong Kong-funded doll factory, 30 female employees turned off their machines earlier this year in protest when one of their colleagues fainted from exhaustion in the workshop. In retaliation, the Hong Kong manager fired one of the workers.

For a limited period in the same factory, workers had to work up to six extra hours a day, and were not allowed to take Sundays off.

The manager claimed "too many orders" as the reason for the overtime, and when the workers were finally compensated the bonus was too low, the paper reported.

When the local labor union investigated, the Hong Kong manager's response was, "we do things according to the law, but you have no laws prohibiting extra assignments."

When union workers produced the government regulations on overtime pay in foreign-funded enterprises, the Hong Kong manager refused to acknowledge it because, he said, it didn't have "legal status."

About 300,000 short-term workers are working in over 14,000 foreign-funded enterprises in the special economic zone.

Of all labor disputes, 70 percent were caused by violation of contracts by employers and 20 percent by encroachment on worker interests.

The remaining ten percent are linked to employees' poor performance or incompetence, the paper added.

**Foreign-Funded Enterprises Continue To Grow**  
*HK0108102088 Beijing ZHONGGUO XINWEN SHE*  
*in Chinese 0845 GMT 27 Jul 88*

[Text] Beijing, 27 Jul (ZHONGGUO XINWEN SHE)—From January to June, China approved the applications for establishment of 2,109 enterprises financed with foreign funds. So, with all the foreign enterprises licensed and established in the past 10 years counted together, there are now a total of 12,161 foreign-funded enterprises in China, a spokesman for the Ministry of Foreign Economic Relations and Trade of China announced today.

The number of foreign-funded enterprises licensed by China in the first half of this year is 2.86 times that of the same period last year, and the amount of foreign funds involved in the approved enterprises in the first half of this year totaled \$2,021 million, 2.3 times the figure recorded in the same period last year. In light of this trend, one may expect the number of foreign-funded enterprises licensed by China this year to reach 4,000, a record height compared with previous years.

Sources here hold that the developing trend of foreign investment in China this year can be linked to China's decision to further expand the areas open to the outside world and to implement a coastal economic development strategy. The continuous improvement of the investment environment has also accelerated this developing trend.

Of all these foreign-funded enterprises newly licensed by China, 1,373 fall in the category of Sino-foreign joint ventures, an increase of 2.98 times those licensed in the same period last year. Of those, 643 fall in the category of comanagement enterprises, an increase of 2.44 times those licensed in the same period last year. Enterprises wholly owned by foreign businessmen have increased most considerably—90 [as published] enterprises of this category have been licensed, an increase of 6 times over the same period last year, while the amount of foreign funds involved in these projects totaled \$262 million, and increase of 24 times the amount recorded in the same period last year.

Of all these newly licensed foreign-funded enterprises, Hong Kong investors have had the largest share—1,600 enterprises are run by them, an increase of 959 enterprises over the same period last year. But, due to increase in investment value by investors from other countries, Hong Kong businessmen's share of the total investment value drawn in from abroad has dropped from 67 percent last year to 65 percent this year.

In the first half of this year, the number of joint ventures established in China by investors from the United States, Singapore, Canada, the FRG, and the United Kingdom increased by a wide margin. Joint ventures involving U.S. interests licensed in the first half of last year totaled 34, and those licensed in the first half of this year totaled 85; those involving Singaporean interests increased from 20 to 36; those involving Canadian interests increased from 3 to 13; those involving FRG interests increased from 3 to 10; and those involving British interests increased from 1 to 4.

Liu Xiangdong noted that the number of investment projects run by Japanese businessmen has increased, but the growth rate has been much lower than that of investment made by American businessmen. In the first half of this year, the Japanese invested in 85 projects in China, with an investment value totaling only \$98.9 million.

The agreements on extension of loans that China signed in the first half of this year involved a total value of \$2,992 million, and the amount of loans that China has secured totaled \$2.8 billion.

**\$6 Billion Raised in 3 Years in Overseas Market**  
*HK0108071788 Beijing ZHONGGUO XINWEN SHE*  
*in Chinese 1312 GMT, 27 Jul 88*

[Report: "China Raises \$6 Billion In 3 Years, 80 Percent Through Hong Kong Banking Groups"]

[Text] Hong Kong, 27 July (ZHONGGUO XINWEN SHE)—Today, Chen Shubiao, Deputy General Manager of the Hong Kong branch of the Xinhua Bank of China, pointed out at a symposium: Over the past 3 years, China has raised \$6 billion from the overseas market, 80 percent of which has been raised through Hong Kong's

financial institutions. The loans provided by the banking groups form the mainstay of the total number of funds raised by China from the overseas market.

At the "Symposium On Hong Kong-China Industrial Cooperation" held by the Chinese Manufacturers' Association of Hong Kong, Chen Shubiao said that in 1987, Hong Kong's banking groups provided a total of 104 loans, 31 of which were provided to the hinterland. The volume of the loans provided by Hong Kong's banking groups to the hinterland reached \$2.4 billion.

Chen Shubiao also said that because the risk in providing loans is shared among a number of banks, the banks were willing to provide loans to the successful enterprises and projects. Beginning from 1979, the China Banking Group has been organizing bank loans to be provided to China. In 1987, the China Banking Group organized nine loans. The number of loans organized by the China Banking Group in 1987 ranked 6th in the total number of loans organized by the banking groups in the Asia-Pacific Region. Because Hong Kong has a sound financial system, a mature legal system, and a lot of competent professionals, it has now become the center for fund accommodation among the banking groups in the Asia-Pacific Region. The loans provided by Hong Kong's banking groups now account for 60 percent of the total number of loans provided by all the banking groups in the Asia-Pacific Region.

**Caution Urged in Borrowing Foreign Funds**  
*OW3007121788 Beijing XINHUA in English*  
*0706 GMT 30 Jul 88*

[Text] Beijing, July 30 (XINHUA)—China must be prudent and careful in borrowing foreign funds, says an official of the research center for economic, technological and social development under the State Council, China's highest governing body.

Ji Chongwei said foreign loans grew steadily during the 1981-85 period and have accelerated faster in the past two years.

Foreign loans are necessary to ease the shortage of money as China pushes ahead with its economic development, Ji said in an article in the latest "FINANCIAL TIMES."

Nevertheless, he said, China should rely on its own funds to develop its economy while using foreign funds as a replenishment.

Ji said the state may build infrastructural facilities to boost production with long-term, low-interest foreign loans and with short-term loans for projects generating quick economic results.

But the proportion of short-term loans must be small or the country may face difficulties paying off the debts.

Ji called on localities and enterprises to set up Sino-foreign joint venture companies by paying attention to importing advanced technology and management and trying to expand the exports through foreign business people.

**State Enterprises Urged To Adhere to New Law**  
*HK0108004088 Beijing CHINA DAILY in English*  
*1 Aug 88 p 2*

[By staff reporter]

[Text] With China's Enterprise Law going into effect today, State enterprises will be more protected in their drive to win self-management and other legal rights for themselves.

A senior State official is urging Chinese enterprises to abide by the new law and use it to protect their legal rights as well as the State's and consumers' interests.

Zhang Yanning, Deputy Minister of the State Commission for Restructuring the Economy, told government departments not to interfere in the normal production and management activities of the enterprises, and not to levy illegal fees or demands for manpower or resources on them.

Zhang said this while answering questions concerning the official promulgation of the Enterprise Law.

The law was adopted at the first session of the Seventh National People's Congress earlier this year.

With the law in effect, Zhang said, internal and external relationships and contradictions should be adjusted, criteria for right and wrong practices should be made clear, and business activities should be carried out within the scope of the legal system.

According to the enterprise law, Zhang said, all government departments should shift their functions and carry out their work according to the principle of "the State regulates the market, which in turn guides the enterprises."

They should provide services for the enterprises and strengthen inspection and supervision in line with their responsibilities.

These include the formulation of industrial policy, providing enterprises with consulting services and information, co-ordinating the relationship between enterprises and other units, safeguarding the lawful rights of enterprises, and helping maintain production.

The enterprises, on the other hand, have the right to appeal any administrative order if their normal production is interfered with and their legal rights are infringed upon. They can also appeal to higher authorities or government supervisory departments.

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Zhang asked financial, banking, auditing, taxation, and industrial and business administration departments to further improve their management and supervisory functions. He also called upon the judicial and procuratorial organs to strictly enforce the law.

At the same time, he asked enterprises to further implement the director responsibility system and improve the democratic management system by paying more attention to workers' rights and bringing the role of the workers' conferences into play more fully.

Zhang said the departments concerned will draw up a number of regulations in relation to the enterprise law. These will include a set of detailed regulations for the actual implementation of the law, methods for the appraisal of property, methods of choosing managers, and unemployment insurance.

The State Council has already promulgated regulations on contracting and leasing businesses, and outlawing illegal fees levied on enterprises.

**Zhang Yanning Remarks on Bankrupt Enterprises**  
*OW3007015388 Beijing XINHUA Domestic Service  
 in Chinese 1039 GMT 26 Jul 88*

[By reporter Zhu Youdi]

[Text] Beijing, 26 Jul (XINHUA)—Zhang Yanning, vice minister of the State Commission for Restructuring the Economy, pointed out: From now on, all enterprises that are still suffering losses should implement the public bidding and contract system and try to solve the problem of the large number of enterprises that have a long track record of losses.

Zhang Yanning made this remark at today's meeting on how to carry out and give publicity to the "Law for State-Owned Industrial Enterprises" and to implement the bankruptcy law on an experimental basis.

It is reported that more than 7,000 enterprises, or 17 percent of the total industrial enterprises within the state budget, are still suffering losses. These enterprises have suffered losses totaling several billion yuan each year. A few of them that produce raw and semi-finished materials have suffered losses because of irrational relations in price. However, the majority of them have suffered losses due to poor management. Finding a means to prevent such a great loss is one of the toughest problems that needs to be solved in the current economic reform.

Zhang Yannian said: If we do not adopt resolute measures, the losses will be even greater, and more enterprises will suffer losses following the development of commodity economy. Such losses will exert even greater pressure on state finance. We can no longer protect such enterprises suffering heavy losses. We should contract out such enterprises and let other people run them. Except for the ownership, the factory director (manager)

of an enterprise should have greater power and adopt even more flexible measures for production and business management. Efforts must be made to encourage advanced enterprises to take over and help backward enterprises. Handling workers and staff members of enterprises suffering losses is a more difficult problem. This problem can be properly solved at the same time by merging enterprises.

Zhang Yanning pointed out: Due to the introduction of the competition mechanism, those poorly managed enterprises with long-term losses that have failed to pay debts due should declare bankruptcy according to law. The majority of the enterprises should be helped to improve management and become more competitive, while backward enterprises should either declare bankruptcy, merge with other enterprises or close. We must develop a mechanism to solve the problem of enterprises with losses in the socialist nation to finally eliminate such enterprises.

**Strict Implementation of Enterprise Law Urged**  
*OW2907203188 Beijing XINHUA in English  
 1340 GMT 29 Jul 88*

[Text] Beijing, July 29 (XINHUA)—Industrial enterprises in China were urged today to strictly abide by the enterprise law, to safeguard the state's and consumers' interests, as well as their own legal rights.

Zhang Yanning, deputy director of the State Commission for Restructuring the Economy, also told government departments concerned not to interfere in the normal production and management activities of the enterprises, and not to levy illegal fees or demands for manpower or resources on enterprises.

Zhang said this while answering questions concerning the official promulgation of the enterprise law, which was adopted at the first session of the Seventh National People's Congress earlier this year and will go into force August 1.

After the law goes into effect, Zhang said, internal and external relationships and contradictions should be adjusted, criteria for right and wrong practices should be made clear, and business activities should be carried out within the scope of the legal system.

According to the enterprise law, Zhang said, all government departments should shift their functions and carry out their work according to the principle of "the state regulates the market, which in turn guides the enterprises".

They should provide services for the enterprise and strengthen inspection and supervision in line with their responsibilities. These include the formation of industrial policy, providing enterprises with consulting services and information, coordinating the relationship between enterprises and other units, safeguarding the lawful rights of enterprises and helping maintain production.

The enterprises, on the other hand, have the right to appeal against any administrative order if their normal production is interfered with and their legal rights are infringed upon. They can also appeal to the higher authorities or government supervisory departments.

Zhang asked financial, banking, auditing, taxation, and industrial and business administration departments to further improve their management and supervisory functions. He also called upon the judicial and procuratorial organs to strictly enforce the law.

At the same time, he asked enterprises to further implement the director responsibility system and to improve the democratic management system by paying more attention to workers' rights and bringing the role of the workers' conferences into play more fully.

Zhang disclosed that the departments concerned will draw up a number of regulations in relation to the enterprise law. These will include a set of detailed regulations for the actual implementation of the law, methods on the appraisal of property, methods of choosing managers and unemployment insurance.

The State Council has already promulgated regulations on contracting and leasing businesses, and outlawing illegal fees levied on enterprises.

#### 'Torch Plan' To Promote Technology

OW3107062288 Beijing XINHUA in English  
0554 GMT 31 Jul 88

[Text] Beijing, July 31 (XINHUA)—China's State Science and Technology Commission is now working out a new plan, called "torch plan", aiming at promoting hi-tech and new technology industries.

According to the commission, the new plan will dovetail with the hi-tech research and development plan set by the government in 1986 to boost the country's newly-rising industries.

The "torch plan" will develop products with technology related to such fields as micro-electronics and computers, information, laser, new materials, bio-engineering, new energy development, and energy saving, mechanical and electrical equipment.

The commission said, in the next two or three years, efforts will be put on those hi-tech products with less investment and quick economic returns, so as to accumulate more funds for developing higher grade products.

To carry out the plan, the commission said, the government will create a social environment favourable for the development of hi-tech and new technology industries, including relevant policies and regulations, more sources for fund raising and supporting services.

In addition to the money allocated by the government, the plan will also absorb loans from various financial organizations, foreign capital and funds raised through the issuing of stocks and bonds.

During the implementation of the plan, the commission said, the potential of the existing traditional industries must be fully tapped, that is, to form several enterprise groups with large enterprises as their mainstay.

At the same time, it should bring the country's scientific strength into full play, that is, to guide research institutes and institutions of higher learning to establish science-led enterprises, or transfer their hi-tech and new technology into traditional industries.

It is expected that about several hundred kinds of new products will be developed every year, the commission said.

#### New System of Construction Management Devised

OW3107152688 Beijing XINHUA in English  
1339 GMT 31 Jul 88

[Text] Beijing, July 31 (XINHUA)—China plans to introduce a new system of supervision and management for capital construction, XINHUA learned today.

The move, a major reform in capital construction, will make the Ministry of Construction assume the overall responsibility for implementing state construction plans and supervising over the implementation of construction contracts.

According to ministry officials, special offices will be set up to undertake feasibility studies and make investment decisions on construction projects.

They will also organize biddings for construction tasks and the implementation of construction contracts.

In contrast, the officials said, all these activities have until now been undertaken by construction units.

In other words, construction units are not only responsible for the designing and construction of the projects, but also play a supervisory or administrative role.

This makes it difficult to control the scope of capital construction and ensure that construction projects are completed on schedule while meeting the designed standards.

The Ministry of Construction is drawing up two sets of regulations concerning supervision and management of capital construction, and has selected Beijing, Shanghai, Guangdong and Fujian to pilot the new system.

**Rural Survey Shows Farmers Support Land Policy**  
*OW2907223588 Beijing XINHUA in English*  
*1417 GMT 29 Jul 88*

[Text] Beijing, July 29 (XINHUA)—A recent survey has found that most Chinese farmers are satisfied with the present land policy featuring the contract system, according to today's "PEASANTS' DAILY".

The survey was conducted by the Chinese Ministry of Agriculture among 3,200 rural households in 28 provinces, autonomous regions and municipalities.

To the question whether the amount of land contracted is sufficient, 62.2 percent of the respondents said "yes", 33.7 percent said "too little" and 3.7 percent said "too much."

On the method of the contract system, 50.5 percent expressed agreement with the present practice of distributing land according to the number of family members although the rest favored other methods including holding public bidding for farmland.

Meanwhile, half of the households surveyed voiced their opposition to land readjustment, saying that the status quo should be maintained for 15 years. But 34.4 percent believed that the distribution of land now is too irrational.

"The survey shows that most farmers are in favor of no change in the present land policy," the paper said, adding, "the peasants' choice should be respected."

In a commentary, the paper noted that in recent years some people have advocated a change in the mode of agricultural production, claiming that the contract system is out of date.

Although it described some new experiments as beneficial, the paper said no matter what method is adopted, local conditions should be taken into consideration and, especially, the will of the masses should be respected.

**Beijing Forum Discusses Nationalities Theories**  
*HK2907135688 Beijing GUANGMING RIBAO*  
*in Chinese 18 Jul 88 p 3*

[Article by Min Yan (7037 6056): "Roundup of Viewpoints Expressed at the Beijing Forum on Nationalities Theories"]

[Text] The Policy Research Institute under the State Nationalities Affairs Commission has recently called the Beijing Forum on Nationalities Theories. Some 100 people attended, including experts and scholars of nationalities theories, and workers of nationalities affairs, as well as relevant comrades of more than 20 ministries and commissions under the central level, and press and propaganda units. Ismail Amat, vice chairman

of the CPPCC, concurrently minister of the State Nationalities Affairs Commission, and Zhao Yannian, vice minister of the same commission attended the forum.

The participants of the forum believed that, Comrade Zhao Ziyang's speech at the national conference to commend nationalities solidarity and progress on 25 April is very important. The nationalities theories and policies as well as the series of major issues that should be grasped firmly and settled with great efforts as expounded in his speech are a discussion on the new conditions of China's nationalities issues surfacing in the new historical period, the deepening and development of China's nationalities theories and nationalities policies, as well as the program and guidance for us to do a good job in work concerning nationalities affairs.

On this basis, the participants of the forum believed that, efforts should be focused on the research of applied theories, to do a good job in advanced research to guide practice in the field of nationalities theories. Research in nationalities theories in the past was deeply affected by "leftist" thinking, and seriously out of line with practice. As a result, it lagged far behind practice in work concerning nationalities affairs. At present, we should further emancipate our minds with Comrade Zhao Ziyang's speech as guidance to conduct truth-seeking review of the historical and realistic conditions of China's minority nationalities regions by applying the theory on the initial stage of socialism to draw practical conditions and to formulate correct principles and policies to guide practice.

Regarding the issue of the existing, widening gap between minority nationalities, and the Han regions, the participants of the forum believed that, it is imperative to step up the pace in reform and opening of the nationalities regions as well as the positive measures of economic and cultural constructions. It is necessary to study the specific natures of reform and opening up in nationalities regions, and to show respect and guarantee the practical interests of local people of all nationalities. At the same time, the state should also give nationalities regions necessary support, assist them in policy, and help them to strengthen their own vitality.

Some comrades believe that the development of socialist commodity economy and productive forces is the key for nationalities regions implementing reform and opening up. The Central Authorities have pursued relaxed policies in minority nationalities; whatever measures favorable to productive force development are allowed experiments. This is the specification of the productive force criterion in nationalities regions, and has both theoretical and practical significance. To achieve this, it is imperative to further emancipate the minds and to break through the restrictions of old rules and regulations.

It is universally believed that, "unanimity should not be required" of policies and measures for reform and opening up because of the low starting point in social development of nationalities regions. It is necessary to study the relationship between being fair and efficient. When attention is paid to efficiency in social development, it is also necessary to attach importance to social fairness. Fairness and efficiency should be combined.

What is essential to the nationalities issue in the initial stage of socialism? Some comrades believed that, the central task in the initial stage of socialism is to pursue economic construction; therefore, the essence of the nationalities issue in the initial stage of socialism should be one of the economy. Other comrades believed that, the essence of the issue at this stage is a solution to "the de facto inequality between nationalities," to narrow the gap between various nationalities in development. Still other comrades believed that, the essence and core of the issue is the implementation of the "law of autonomy for nationalities regions." They all thought that in-depth exploration is involved in this issue.

At the forum, some comrades believed that importance should be attached to the research in the population of minority nationalities. The population issue is not simply a matter of quantity, but also involves all such aspects as the quality, educational structure, and trade structure of the population. Population quality has a direct bearing on the prosperity of nationalities regions as well as the speed of the four modernizations.

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HK0108104688 Beijing RENMIN RIBAO  
in Chinese 31 Jul 88 p 7**

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## East Region

### Fujian To Sell State Enterprises to Foreigners

HK0108152988 Beijing CEI Database in English  
1 Aug 88

[Text] Fuzhou (CEI)—Fujian will sell more small-size enterprises to foreigners at its 1988 foreign trade and investment fair in September.

According to a provincial official here, 88 enterprises in Fujian will be sold, leased or transferred in form of share-holding to foreign firms.

Of the 56 enterprises to be sold, 44 are owned by the state and 12 by collectives. 77 percent of these enterprises are profit-making, the official added.

### Fujian County To Grow Export-Oriented Agriculture

HK0108152788 Beijing CEI Database in English  
1 Aug 88

[Text] Fuzhou (CEI)—Dongshan County in Fujian Province has been designated as an experimental area for export-oriented agriculture.

The county is located along the coast facing Taiwan and has convenient communications and rich resources. It is one of the largest asparagus producers in China as well as a key exporter of aquatic products of the province.

Recently Dongshan County has been granted by the Fujian provincial government with the right to approve foreign funded projects and directly deal in imports and exports. The county may adjust its agricultural structure and offers preferential treatment in drawing Taiwan capital. It may set up local financial institutions and issue bonds and stocks. It can also set up a foreign exchange money market.

### Xiamen Environmental Bureau Aids Exports

OW0208043088 Beijing XINHUA in English  
1352 GMT 1 Aug 88

[Text] Xiamen, August 1 (XINHUA)—The Environmental Protection Bureau in Xiamen City, Fujian Province, has streamlined its services for export-oriented enterprises.

An official explained that the bureau can now give an environmental impact appraisal for a new project in 6 weeks, instead of the 12 months it used to take.

"This used to greatly hinder the development of joint, cooperative, and exclusively foreign-funded enterprises in the city," he said.

The bureau also keeps its charges to a minimum, the official added.

### Shandong's Liang Buting Attends PLA Ceremony

SK0108063388 Jinan Shandong Provincial Service in Mandarin 2200 GMT 31 Jul 88

[Excerpts] On the afternoon of 31 July, the newly decorated auditorium of the Shandong Provincial Military District was under an atmosphere of jubilation as the Jinan Military Region held a grand ceremony to confer the glorious PLA meritorious service medals to retired PLA cadres.

Present at the ceremony and seated on the rostrum were Li Jiulong, commander of the Jinan Military Region; Song Qingwei, political commissar of the region; Gu Hui, Zhang Zhijian, Lin Jigui, and Ma Weizhi, deputy commanders of the region; Cao Pengsheng, deputy political commissar of the region; Jiang Futang, director of the Political Department of the region; Xu Chunyang, secretary of the Discipline Inspection Commission of the region; Zhang Zonglin, director of the Logistics Department of the region; Liang Buting, secretary of the Shandong provincial party committee; Lu Maozeng, deputy secretary of the provincial party committee; Yang Yan-yin, Standing Committee member of the provincial party committee; Su Yiran, chairman of the provincial Advisory Commission; Li Farong, chairman of the provincial Discipline Inspection Commission; Li Zhen, chairman of the provincial People's Congress Standing Committee; Ma Zhongchen, vice governor; Li Zichao, chairman of the provincial CPPCC Committee; He Guoqiang, secretary of the Jinan City party committee; and Zhai Yongbo, mayor of Jinan City. Also attending the ceremony and seated on the rostrum were veteran cadres at or above the levels of corps and army commanders and deputy commanders, including Rao Shoukun, Chen Renhong, Kong Shiquan, Xiong Zuofang, Pan Qiqi, Zhang Rusan, Chen Meizao, Bi Bo, (Zhang Shuzhi), Bai Bin, (Cong Guogui), (Li Hongyun), (Zeng Yumin), (Yang Dongliang), Tang Jianru, (Li Zhenbang), (Li Rensquan), Zhao Feng, (Luo Jie), (Huang Yuping), and (Li Daqing). Present at the ceremony were leading comrades of the organs under the Jinan Military Region and the Shandong Provincial Military District; veteran comrades in Jinan who were awarded first- and second-class meritorious service medals; veteran comrades at or above the levels of army commanders and deputy commanders who were awarded other meritorious service medals; and representatives of commanders and fighters of PLA units stationed in Jinan, more than 1,000 people in all.

Gu Hui, deputy commander of the Jinan Military Region, presided over the ceremony. Li Jiulong, commander of the Jinan Military Region, read out the order of Deng Xiaoping, chairman of the Central Military Commission, on conferring the honorable PLA meritorious service medals to Rao Shoukun and other comrades. Among those comrades awarded the first-class Red-Star medals were Rao Shoukun, Chen Renhong, Kong Shiquan, Zeng Shaoshan, Fan Chaoli, Xiong Zuofang, Zhang Rusan, Ouyang Ping, Sun Jixian, Fu Jiaxuan, Zuo Qi, Chen Meizao, Li Bo, He Zhiyuan, Fang

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Zheng, Zheng Sansheng, Zhang Shuzhi, (Tang Ling), (Huang Yuping), (Li Daqing), (Cong Guogui), Tang Jianru, (Luo Renquan), (Li Zhenbang), (Yan Fu), (Luo Jie), (Kong Renyun), Zhao Feng, (Zhou Shanfang), (Ding Wuxuan), (Xu Guanghua), (Fu Chunzao), (Wu Guozhong), (Ren Changhui), (Tao Hanzhang), (Yu Keqin), and (Hu Shangli).

Amid warm applause and music, Commander Li Jiulong and Political Commissar Song Qingwei, entrusted by the Central Military Commission of the PRC, awarded the meritorious service medals and certificates to the retired PLA cadres. Then, a Young Pioneer member made a congratulatory message at the ceremony.

At the ceremony, Song Qingwei, political commissar of the Jinan Military Region, and Liang Buting, secretary of the provincial party committee, delivered speeches. [passage omitted]

In his speech, Comrade Liang Buting spoke highly of the contributions made by veteran cadres, who have dedicated their whole lives to the Army, the independence of the Chinese nation, and the liberation of the Chinese people. He said: Among the retired cadres of the Jinan Military Region who have been awarded today, many had fought and worked in Shandong. To build Shandong into a more fertile land, they worked their hearts out day and night, made indelible contributions, and established profound revolutionary affection and harmonious relationship with the elders and fellow townsmen of Shandong. The merits and achievements of the retired PLA cadres will be carried in Shandong's history forever. At present, we are at the crucial moment of reform. We must carry on and carry forward the glorious tradition and excellent workstyle of our party and our Army which were cultivated by veteran comrades; and unite and lead the people throughout the province to commonly tide over the difficulty of reform and achieve the great cause of the four modernizations in order to make still great contributions to realizing the second quadrupling task and making Shandong Province and its people prosperous ahead of schedule.

#### **Jiang Zemin Addresses Shanghai Party Meeting**

OW0108082088 Shanghai City Service in Mandarin  
0900 GMT 26 Jul 88

[Text] The Seventh Enlarged Plenary Meeting of the Fifth Shanghai Municipal CPC Committee opened at the Shanghai Exhibition Center this morning. Participants in the 3-day meeting will study and approve a document entitled "Views of the Shanghai Municipal CPC Committee on Reforming and Strengthening Political-Ideological Work at the Present" and will exchange experiences on conducting political-ideological work in the current situation.

Jiang Zemin, secretary of the municipal party committee, spoke at the meeting. Zhu Rongji, deputy secretary of the municipal party committee, presided over the morning session. Yang Di, Wu Bangguo, and Zeng Qinghong were seated on the rostrum.

In his five-part speech, Jiang Zemin pointed out that the plenary meeting was the first ever held by the municipal party committee to study ideological-political work. He briefed the meeting about his gains from more than a month of systematical investigation and study after he left his mayor post to concentrate on party affairs and ideological work.

Analyzing the current state of mind among cadres and the masses, he said: The different ideological trends which I find in my investigation are related to the weakness in our ideological-political work: First, after the party shifted its focus to economic development, there was a tendency of ignoring ideological-political work while stressing economic development. Second, the repudiation of the theory of the omnipotence of the spirit tends to give rise to the other extreme, that is, the theory that material incentives alone will ensure success in everything. As a result, ideological-political work is ignored. Third, the theory of the initial stage of socialism is not fully understood. As a result, people do not dare to publicize justly and forcefully the advanced ideological trend or to take a clear-cut stand in repudiating money worship, ultraindividualism, and ultrademocratization. Fourth, with the separation of party and government functions and with chief administrators of a number of units beginning to assume full responsibility for building both the material and spiritual civilization, there is a temporary gap in the leadership over ideological-political work. Fifth, in the new situation and new environment, the tasks, subject matter, and methods of ideological-political work are quite different from those of the past. There is a need for everyone, from the top to the bottom, to adapt gradually to the changes.

Jiang Zemin stressed: Failing to take effective measures to overcome the weakness in our ideological-political work will affect Shanghai's reform, opening to the outside world, and economic development. Therefore, party organizations at all levels in Shanghai must fully understand the importance of ideological-political work and seriously attend to it as part of their essential, regular job. [passage omitted]

Jiang Zemin said: Ideological-political work is a social system project. It is necessary to use all available facilities, means, and channels, and to mobilize all available forces and every member of society to do ideological-political work.

Comrades attending the plenary session held group discussions on Jiang Zemin's speech and the "Views of the Shanghai Municipal CPC Committee on Reforming and Strengthening Political-Ideological Work at the Present" in the afternoon.

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**Zhejiang Opens First Stockbroking Company**  
*OW0208062988 Beijing XINHUA in English*  
*1454 GMT 1 Aug 88*

[Text] Hangzhou, August 1 (XINHUA)—The Zhejiang Province Stockbroking Company went into trial operation today in the provincial capital of Hangzhou.

The company, the first of its kind in Zhejiang, will issue bonds and shares on behalf of governments and enterprises as well as offer services for the transfer and mortgage of bonds and shares.

In addition, it will also undertake the business of interbank loaning.

The company, with a registered capital of 20 million yuan, has been approved by the People's Bank of China, the central bank, and will also set up 3 other branches in Hangzhou.

**Central-South Region**

**Guangdong Opens Public Security Work Meeting**  
*HK0208044388 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 2 Aug 88*

[Text] A Guangdong provincial public security work conference opened in Guangzhou this morning. The meeting will arrange the future work of the public security organs, centered on the key task of creating a stable political environment, preserving excellent social order, and providing better service for economic construction. Leading comrades of the provincial party committee including Wang Ning, Song Zhiying, Wang Zongchun, Yang Li, and Ling Botang attended the session this morning.

Wen Guangzhi, director of the provincial Public Security Department, relayed the spirit of the national conference of public security department and bureau directors, and proposed the future tasks for the public security organs in Guangdong. He pointed out: Social order problems are still rather serious in the province. There has been a marked increase in incidents of all kinds that directly affect political stability. The public security organs at all levels must not treat this matter lightly. They must adhere to the guideline of cracking down hard and swiftly and in accordance with law in dealing blows at criminal activities that undermine reforms and opening up and the development of socialist commodity economy, and effectively ensure that the masses can enjoy ease of mind.

**Guangdong Procuratorate Reports Crime Increasing**  
*HK0108090688 Beijing ZHONGGUO XINWEN SHE in Chinese 1245 GMT 29 Jul 88*

[Text] Guangzhou, 29 Jul (ZHONGGUO XINWEN SHE)—The spokesman for the Guangdong Provincial Procuratorate said today that wandering offenders are

involved in most of the major and serious cases in all localities throughout the province. Crimes committed by wandering offenders are on the rise.

Guangdong's criminal rate has increased since the beginning of this year. The major cases including looting, murder, robbery, rape, and injury have particularly increased by a big margin. Of all kinds of criminal cases, crimes committed by wandering offenders have run rampant. The wandering offenders arrested by the province in the first half of the year account for 30 percent of the total number of offenders involved in all kinds of criminal cases, a 17 percent increase over the same period last year.

In Guangzhou some time ago, wandering offenders also committed crimes of looting and killing taxi drivers and passengers. Of the six murder cases cracked by Guangzhou's Dongshan district, five were committed by wandering offenders.

The wandering offenders arrested in Guangdong over the past few years come from 30 other provinces, municipalities, and autonomous regions, Hong Kong, and Macao, except Taiwan.

To attack sternly the criminal activities of wandering offenders, the Guangdong Procuratorate recently laid down special countermeasures, calling on relevant departments to arrest promptly and accuse, and sternly punish those coming from other provinces, cities, and counties; those coming from Hong Kong and Macao; those evading investigation of their offenses; and those who have escaped from prison to commit crimes in Guangdong.

**Officials Attacked in Guangdong**

*OW0108210088 Beijing XINHUA Domestic Service in Chinese 1235 GMT 1 Aug 88*

[By reporter Chen Yun]

[Text] Beijing, 1 Aug (XINHUA)—The State Administration for Industry and Commerce told the press in the capital today that a rare vicious case of violence to resist the enforcement of law and to seriously injure law enforcement personnel occurred in Guangdong recently.

In early July this year, it was reported by the masses that Xu Yuchao, Xu Yusheng, and their company of Xucuo Village in Xiancheng Town, Chaoyang County, Guangdong Province, had been buying large quantities of placer gold and silver cakes for a long time. They also reportedly had an underground factory to illegally extract gold and silver and to make and sell jewelry for profiteering. The illegal business investigation team of the Chaoyang County Administration for Industry and Commerce sent its personnel to investigate the case and found that the report was true.

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## REGIONAL AFFAIRS

On 7 July, the Chaoyang County Administration for Industry and Commerce organized a 27-member task force composed of members of the illegal business elimination team and other related personnel. Led by a deputy director of the administration, they were divided into three groups in order to raid the three underground processing "dens" in Xucuo Village.

In the first and second "dens," the investigators found family members of Xu Yuchao and Xu Yusheng trying to remove some gold and silver articles. The investigators showed their identification cards and proceeded with the investigation according to law. They seized 910 grams of gold, 22 kilograms of silver, 14 silver coins, 1 piece of touchstone, 3 steel plates for stamping gold coins, 2 daggers, 3 pornographic videotapes, and 3,240 yuan in cash.

When the investigators arrived at the third "den," Xu Yuchao was weighing a gold bar on a balance, while Xu Yusheng was smelting gold. Laid on a table in the room were a lot of placer gold, gold bullion, bars, chains, and rings, and silver bars, wire, and jewelry, and a set of tools for making gold and silver articles. When the industry and commerce administration personnel showed their identification cards to begin the investigation, Xu Yuchao and Xu Yusheng refused and cried out to instigate their men to make trouble. Hearing the noise they made, about 40 to 50 people, including Xu Yuchao's son, rushed into the room. They violently surrounded and attacked the industry and commerce administration personnel with rocks, sticks, and glass bottles. At one time, there were as many as 300 or 400 people surrounding and attacking the industry and commerce administration personnel. They took away a walkie-talkie carried by an investigator. After the administration personnel were forced to withdraw to a small room, some scoundrels threw in bottles of sulfuric acid through the window. Some even climbed onto the roof, took off the tiles, and poured sulfuric acid into the room to harm the administration personnel. Examinations made later by the city and county hospitals revealed that 24 administrative personnel were injured in this incident, including 5 people suffering cerebral concussions and 11 with internal injuries. In addition, 17 people had sulfuric acid burns.

From a videotape shown by the State Administration for Industry and Commerce, this reporter has seen the miserable condition of some of those administration personnel whose faces were injured. Among the members of the illegal business elimination team, Chen Yumin suffered burns on 90 percent of his face. His left eye was injured, and 80 percent of his right arm suffered burns. His right ear was also injured. Zheng Bahao suffered burns on 80 percent of his face, and both of his eyes were injured. Hong Shengyang suffered burns on 90 percent of his face, both of his eyes were injured, and his right ear was also seriously injured. These three people had third-degree burns. Two of them are now deaf and possibly blind. They have now been sent to the Nanfang Hospital in Guangdong Province for emergency treatment.

It is reported that the Chaoyang County Public Security Bureau has thus far arrested 17 of the law offenders for interrogation. However, the two prime culprits, Xu Yuchao and Xu Yusheng, are at large.

Liu Minxue, deputy director of the State Administration for Industry and Commerce, pointed out that this case in Chaoyang County is a rare one since the founding of the People's Republic as far as the vicious nature of the case, the cruel means applied, and the number injured. He called for harsh punishment of the assailants so as to guard the sanctity of the law. In addition, on behalf of the State Administration for Industry and Commerce, he paid respect to the industry and commerce administration personnel of Chaoyang County, Guangdong Province, for their loyal attempt to fulfill their duties and enforce the law at the cost of their own safety. He also expressed deep sympathy for the injured and their families.

Ren Zhonglin, director of the State Administration for Industry and Commerce, said: After this incident, the Chaoyang County party committee tried to cover it up in an attempt to turn a big problem into nothing. However, the Shantou City Television Station exposed the actual state of affairs of this case. Then the Guangdong Television Station reported it. For this, Ren Zhonglin thanked the two television stations on behalf of the State Administration for Industry and Commerce. Industry and commerce administration departments, as supervisory organs, hope that public opinion will supervise and support them, he added.

#### **Guangzhou Rally Pronounces Death Sentences**

*HK0108075388 Guangzhou Guangdong Provincial Service in Mandarin 1030 GMT 29 Jul 88*

[Text] A rally pronouncing verdicts was held in Guangzhou today, at which two criminals were sentenced to death for robbery, larceny, and serious theft.

(Dai Jinrong), a criminal from Fengdu County, Sichuan Province, had been sentenced to life imprisonment for larceny. During his prison term however, he defied reform through labor and showed no sign of repentance even after he was rearrested after escaping from prison. Later he escaped again and was hiding in Guangzhou. He sneaked into residents' houses and stole a large number of goods on eight occasions. According to law, he was thereby sentenced to death for serious theft and escape from prison and was deprived of his political rights.

(Chen Peilin), a former worker at the Nanfang Garment Factory in Guangzhou, had been charged with larceny and sent for 2 years reeducation through labor. Nevertheless, he was absolutely unrepentant and robbed primary and middle school students and teenagers in collaboration with others 37 times. According to law, he was sentenced to death for his serious robbery offenses and was deprived of his political rights.

At the meeting, a judgement of 5-15 years imprisonment was also pronounced on several other criminals according to the merits of their cases and their approach to pleading guilty.

**Taiwan Manufacturers Attend Shenzhen Talk**  
**HK0108061788 Hong Kong ZHONGGUO TONGXUN**  
**SHE in Chinese 1343 GMT 26 Jul 88**

[Report by Zhang Shufeng (1728 4482 1496): "Taiwan Manufacturers at a Chinese Businessmen's Trade and Investment Talk in Shenzhen"]

[Text] Shenzhen, 26 Jul (ZHONGGUO TONGXUN SHE)—At a Chinese businessmen's trade and investment talk that opened in Shenzhen yesterday, the 48 exhibition and discussion stalls rented to 42 Taiwan manufacturers and businessmen attracted of people from mainland industrial, commercial, and business circles.

Through their Hong Kong agents, the 42 Taiwanese manufacturers exhibited machinery, equipment, motorcars, clocks, wristwatches, car parts, fodder, food, plastic products, consumer goods, and specifications for them. The three Sanyang motorcars exhibited by Taiwan's largest motorcar factory became the focus of attention.

Some of the Taiwanese manufacturers, who were attending the talk en route to other parts of the mainland for family visits, already had business connections with the mainland through their Hong Kong agents. They met their old customers in Shenzhen. However, most of them came to the mainland for the first time to find out about the investment environment and to seek trade opportunities.

A Taiwanese businesswoman, who acts as an agent for Taiwan's largest gourmet powder factory, said that the purpose of her participating in the talk was to find out about the market situation on the mainland. If business transactions could be concluded, so much the better, she added. A Taiwanese high-class leather handbag and briefcase manufacturer said that he was not sure whether he could find a market on the mainland for his products. His purpose was to find some leather materials and handicrafts that could be imported to Taiwan. Another Taiwanese businessman hoped that he could find raw materials such as logs and vegetable amyrum for his customers in Taiwan, apart from wishing to sell his fodder, production equipment, and technology to the mainland.

After their arrival in Shenzhen yesterday afternoon, the Taiwanese manufacturers and businessmen went to visit some industrial zones including the Overseas Chinese town to find out about the investment environment.

**Hubei Secretary Guan Inspects Northern Area**  
**HK0108121688 Wuhan Hubei Provincial Service**  
**in Mandarin 1130 GMT 30 Jul 88**

[Excerpts] From 27 to 29 July, provincial party committee Secretary Guan Guangfu led persons responsible for the provincial department concerned to the counties of Xiangyang, Laohekou, and Gucheng to check and guide drought fighting and relief work. They also inspected development and construction of hilly land in northern Hubei. [passage omitted]

On 29 July Comrade Guan Guangfu made an important statement in Xiangfan City on development and construction of land on low hills in northern Hubei. He noted: "Hubei's agriculture depends on two major places: One is the Jianghan Plain and the other is hilly land in northern Hubei. Viewed from the current severe droughts, it can be seen that hilly land in northern Hubei has great potential. The key to the problem lies in water. Controlling floods and droughts in our province, he said, is a strategic objective set at the fourth provincial CPC congress. Experience has proved that the objective is absolutely correct. Now it seems we have paid attention to flood control and made great efforts to the purpose but the efforts are still not enough and should be redoubled. Comparatively speaking, we have failed to give adequate attention to drought control. The main problem is that we failed to work at a faster pace, our concepts were not thoroughly changed and no efficient measures were adopted.

Comrade Guan Guangfu continued: Cultivated land on hillocks in northern Hubei exceeds 10 million mu and accommodation water is abundant. Provided the problem of irrigation is solved, plus fertilizer, science and technology, machinery, and appropriate intensive farming, then stable yields will be ensured irrespective of drought or waterlogging. In addition, all grain to be increased is essentially marketable grain.

Guan Guangfu said: Production of cotton in southern Hubei should be maintained and increased while cotton production in northern Hubei should be developed. Hubei's advantages in cotton production should be protected.

In making an analysis of water conservancy projects for hilly land in northern Hubei, Comrade Guan Guangfu noted that the key to drought control lies in water. To develop hilly land in northern Hubei, breakthroughs should be made in water supply. He said that the province should be resolved to make investment in large key water conservancy projects. This has an important bearing not only on water supply for agricultural production but also on water supply for industrial production and urban areas. After the problem of water supply is solved, the ploughing system should be greatly reformed by turning dry land into paddy fields and irrigated land, then hilly land in northern Hubei can be matched with land in south of the lower reaches of the Chang Jiang. [passage omitted]

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**Hubei Vice Governor Addresses Tax Conference**  
**HK0108120888 Wuhan Hubei Provincial Service**  
**in Mandarin 1130 GMT 31 Jul 88**

[Text] Addressing a provincial conference on taxation yesterday, Vice Governor Han Hongshu emphasized that in order to expedite economic development, one must pay taxes according to the law and make more contributions to the state, while implementing the policy of opening up to the outside world and invigorating the economy.

Han Hongshu said: Now some people have misinterpreted the policy of opening up to the outside world and invigorating the economy, thinking that this policy means reduction or remitting of taxes. So, while some local authorities have enacted their own preferential measures regarding taxation, others have announced the reduction or remitting of certain taxes. Some individual towns directly under the jurisdiction of counties have gone so far as to publicly announce through the press their own preferential policies regarding taxation.

Han Hongshu said: Reduction and remitting of taxes is a special policy. A unified law on taxation should be enforced throughout the country. How can the government of a town directly under the jurisdiction of a county arbitrarily change the laws and ordinances on taxation that are promulgated by the State Council?

Han Hongshu noted: In order to encourage investment while opening up to the outside world, we must adhere to the principle of unified tax control. In this connection, no local authorities are allowed to enact their own policies and act in their own way. All measures that any local authorities enact on their own beyond the scope of their power without going through the appropriate ratification procedures will be invalid.

**Hubei City Introduces Retirement Insurance**  
**OW0208005888 Beijing XINHUA in English**  
**1335 GMT 1 Aug 88**

[Text] Wuhan, August 1 (XINHUA)—A new insurance system starting this month will cover the retirement benefits of all workers in collectively-owned enterprises in Wuhan, capital of Hubei Province.

In the past, some of the collectively-owned enterprises in the city were not able to afford pensions for their retired workers.

Before they pay income taxes, the collectively-owned enterprises are required to deliver 20 percent of the total wages of the payroll and 40 percent of the total required pensions for retired workers to insurance companies, which will in turn pay pensions to enterprises every month.

Loss-making enterprises which cannot afford to pay the required percentage can pay a lesser percentage or apply for a delay in payment to the insurance companies.

**Southwest Region**

**NPC Vice Chairman on Tibet's Production**  
**OW0108115188 Beijing Domestic Service**  
**in Mandarin 2130 GMT 28 Jul 88**

[Text] Ngapoi Ngawang Jigme, vice chairman of the Standing Committee of the National People's Congress, recently said that to improve the peoples' economic condition and help them get rich, Tibet must gradually promote the application of modern science and technology in agricultural and livestock production.

Ngapoi Ngawang Jigme mentioned the question in his letter written by him from Beidaihe to all participants in the First Session of the Fifth Tibetan Regional People's Congress. He said: At present, the living condition of peasants and herdsmen in Tibet has been improved to a significant degree. Their living condition is better than all periods in the past. However, the Tibetan people's living conditions still lag behind other provinces and autonomous regions in our country. This is mainly because Tibet has a poor foundation. He said: In order to promptly improve such backward condition, the regional party committee and the regional people's government must formulate an effective plan for improving the situation in the region and solve all existing problems as quickly as possible. He called on the regional party committee and the regional people's government to support rural and pastoral areas to promote the application of modern science and technology with manpower and supplies.

**Yunnan Wants More Political Work in Enterprises**  
**HK0208061588 Kunming Yunnan Provincial Service**  
**in Mandarin 1000 GMT 1 Aug 88**

[Excerpts] In order to establish a new order for the socialist commodity economy, it is necessary to review work of the provincial society for the study of political and ideological work among enterprise workers and staff members, explore new approaches for transforming and strengthening political and ideological work in the new historical period, and promote change in the structure of political and ideological work in enterprises. This was the major topic discussed at the first annual meeting of the Yunnan Provincial Society for the Study of Political and Ideological Work among Enterprise Workers and Staff Members, which ended in Kunming on 31 July.

Yunnan Provincial CPC Committee Deputy Secretary Nie Ronggui attended the meeting and delivered a speech on transforming and strengthening political and ideological work in enterprises.

Comrade Nie Ronggui said: Vigorously developing the commodity economy and the productive forces is a primary task facing the whole party. Now enterprises are facing numerous difficulties. Under such circumstances, it is much more important for us to make a success of political and ideological work among enterprise workers and staff members. Reform is now at a crucial moment. The key to carrying out successfully reforms of the price, wage, and labor systems lies in achieving better economic results for enterprises. Central leading comrades specially stressed the importance of improving the economic returns of enterprises. If this problem is not resolved, the aforementioned reforms will become no more than empty talk. Better economic returns for enterprises mean a solid material foundation for reform.

Comrade Nie Ronggui continued: What should we depend on to achieve better economic returns to enterprises? First, we should depend on material force. To this end, we must manage enterprises well and instill greater vitality into them. We must essentially implement the general principle of to each according to his work. Second, we must rely on spiritual force by making a success of political and ideological work. Strengthening political and ideological work among workers and staff members presently is of great and immediate significance. There is now a misconception that stressing the system of overall leadership by factory director and inner-enterprise management means no importance of political and ideological work. Consequently, many factories have slackened their efforts in political and ideological work. Such thinking and practice cannot suit the needs of the current situation. [passage omitted]

Comrade Nie Ronggui noted: To transform and strengthen political and ideological work in enterprises, we must, first, solve the problem of political and ideological work being separated from economic work. The two fields of work should be linked together to strive for the development of productive forces and the attainment of the party's general objective. Second, the previous method of doing political and ideological work—such as preaching—should be replaced with the methods of stating the reasons, giving loving care to workers and staff members and respecting them so as to arouse their enthusiasm to the full. To achieve this, political and ideological work should be mixed with different types of lively activities so that workers and staff members will not be averse to these activities and will be happy to join them. Third, democracy must be extended and visibility increased so that workers and staff members will really feel like the masters of their factories. As long as we do well in these fields of work, great improvement shall be made in political and ideological work in enterprises and a great impetus shall be given to the province's economic construction. [passage omitted]

### North Region

**Beijing's Li Addresses Industrial Conference**  
SK0108094288 Beijing BEIJING RIBAO  
in Chinese 18 Jul 88 p 1

[Text] At the municipal industrial work conference that ended yesterday, Li Ximing, secretary of the municipal party committee, said: The broad masses of workers on

all fronts throughout the municipality should work with one heart and one mind and seize the opportunity to make advances in optimizing labor associations, deepening enterprise reform, raising economic results, and overcoming difficulties in reform.

In his speech, Li Ximing first reviewed the achievements scored by all fronts throughout the municipality during the 9 years of reform. He said: Over the past 9 years, we have adhered to the principle of reform and opening up under the correct leadership of the party Central Committee and enabled all the people to greatly emancipate their minds and productive forces. Emancipation in these two fields has brought tremendous changes and has enabled us to discard old ideological and theoretical views of the small-scale peasant economy and small producers and to have a new understanding of Marxism. Our reform is amid a critical period. It is a period during which we have risks and great hopes of overcoming difficulties. This reform may affect the partial or temporary interests of some people. The Communist Party members and the people throughout the municipality should consider the future of the state, the nation, and the four modernizations; work with one heart and one mind together with the party; and exert joint efforts toward overcoming difficulties and facilitating the transition from enough-to-eat and wear to comparatively well-off by the end of this century and create conditions for developing our country during the next century.

Li Ximing said: We should be fully confident of the reforms that lie ahead of us. We should firmly believe that we are capable of overcoming difficulties as long as we persist in reform. We already have 10 years of practical experience in reform and the people throughout the country have greatly improved their ability to withstand the strain of reform. Over the past few years, our national economy has substantially and steadily developed and has laid a certain material foundation for overcoming difficulties. We should grasp this favorable opportunity. Industry is the pillar of the national economy and industrial income is the main source of financial revenues. About 90 percent of Beijing's financial revenues comes from industry. We must advance industrial reform ahead of others. Mobilizing the people's enthusiasm and raising economic results through reform will enable us to create necessary material conditions for overcoming barriers and conducting comprehensive reform. We should optimize labor associations and consider this work a means for making breakthroughs in reform, break with the "iron rice bowl," eliminate the basis on which egalitarianism relies for existence, and advance reform to a new stage. The most important and pressing task of reform is to further mobilize the enthusiasm of workers and staff members. The way out is to optimize labor associations, break with the "iron rice bowl, the iron chair, and the iron wage," and establish a competition mechanism of productive forces in enterprises in an effort to stimulate workers' new enthusiasm and creativity. After summarizing the domestic and foreign reform experience and lessons in his speech, Li

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Ximing said: Although reform is being conducted in stages, we cannot stop conducting other reforms. We should not hesitate and should not fear taking risks. We should take the initiative in making breakthroughs in optimizing labor associations and should fight to win or die. The question is to see whether we have exerted concerted efforts and whether the entire party and all the people have worked with one heart and one mind. During this critical moment, we should not proceed from the interests of one segment or from personal interests. We should proceed from the entire situation of reform. Under the excellent situation of the current reform, we should fully understand the arduousness, complexity, and protracted nature of reform. Comrades on all fronts should work in a down-to-earth manner. Li Ximing called on party organizations at all levels throughout the municipality to fully display their guarantor and supervisory role, guarantee the smooth progress of all reform tasks, and educate the broad masses of party members to display their vanguard and exemplary role in reform. Under the leadership of the party, trade unions, the CYL, and mass organizations should display their own roles and eliminate the barriers of price and wage reform with concerted efforts. Li Ximing called on the people to conscientiously study enterprise law and use laws as a weapon to guarantee the smooth progress of reform.

**Beijing Democracy Committee Holds Congress**  
**SK0108061188 Beijing BEIJING RIBAO**  
*in Chinese 18 Jul 88 p 1*

[Text] The Sixth Beijing Municipal Congress of the China Association for Promoting Democracy opened on 17 July.

Lei Jieqiong, chairman of the Central Committee of the China Association for Promoting Democracy and chairman of the eighth municipal committee of the China Association for Promoting Democracy, delivered an opening speech. Attending the congress were 176 delegates from various districts and counties and from educational, scientific and technological, press, publishing, cultural, and arts fronts.

Major items on the agenda of the congress are: Listening to and examining the work report of the Eighth Beijing Municipal Committee of the China Association for Promoting Democracy; electing the leading organs of the Ninth Beijing Municipal Committee of the China Association for Promoting Democracy; and electing the municipal delegates to the Sixth National Congress of the China Association for Promoting Democracy.

In his work report, Mei Xiangming, vice chairman of the Eighth Beijing Municipal Committee of the China Association for Promoting Democracy, pointed out: Since convocation of the Fifth National Congress of the China Association for Promoting Democracy in 1984, the Beijing Municipal Committee of the China Association for Promoting Democracy has conscientiously implemented the line, principles, and policies of the CPC Central

Committee, as well as the resolutions adopted by the Fifth National Congress of the China Association for Promoting Democracy; and has created a new situation and scored new achievements.

Over the past 5 years, the municipal committee of the China Association for Promoting Democracy has actively involved itself in consultation on state affairs and major events of the municipality and has played its role in party and government functions. In particular, the committee has offered many important suggestions and motions for educational and publishing reform, such as the "report on implementing the 'compulsory education law' among primary schools," the "investigation report on the ideological situation of students of primary and middle schools," the "suggestions on giving wage-based retirement pay to teachers with a service length of 30 years," and the reflection of problems that exist in appraising the titles of primary and middle school teachers. All of these suggestions and motions have attracted attention from pertinent central and Beijing Municipal departments.

At the same time, members of organizations for promoting democracy have utilized their intellectual advantages to serve society and plunge into the mighty torrent of reform and opening-up, thus making positive contributions to society. In addition, a large number of advanced figures have emerged and quite a few members have been conferred with honorable titles of various kinds. Many specialists, scholars, and excellent educational workers have travelled to various places to give lectures, and have put in diligent work in training teachers and helping border areas.

On behalf of the Beijing Municipal Party Committee, Wang Jialiu, Standing Committee member of the Beijing municipal party committee, delivered a congratulatory speech. In addition to affirming the achievements scored by the municipal committee of the China Association for Promoting Democracy, Wang Jialiu sincerely expressed: As a ruling party, the CPC is required to constantly listen to the opinions of the masses and submit itself to supervision by the masses and democratic parties. The Beijing Municipal CPC Committee is making great efforts to strengthen the work in this regard. We sincerely hope that all members of the municipal committee of the China Association for Promoting Democracy will frequently offer criticism and suggestions for the work of the Beijing municipal party committee and the municipal government and will expose and struggle against bureaucratism and corrupt phenomena.

Chen Shunli and Ge Zhicheng, vice chairmen of the Central Committee of the China Association for Promoting Democracy, also attended the congress to extend congratulations.

Also attending the congress were leading comrades of the Beijing People's Congress Standing Committee and the municipal CPPCC Committee, including Bai Jiesu, Xing

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Jun, and Feng Mingwei; Li Bokang, director of the United Front Work Department under the Beijing Municipal CPC Committee; and responsible persons of the various democratic parties and industrial and commercial federations of the municipality, including Chen Mingshao, Li Peiyu, Shen Yifan, Mo Zhichang, Zhou Zheng, Cai Qikan, Weng Zaoqi, and Fu Jiantang.

**Congress Ends**  
**SK0108061988 Beijing BEIJING RIBAO**  
*in Chinese 20 Jul 88 p 1*

[Text] The Sixth Beijing Municipal Congress of the China Association for Promoting Democracy concluded on 19 July. Mei Xiangming, vice president of the Beijing Teachers' College, was elected chairman of the Ninth Beijing Municipal Committee of the China Association for Promoting Democracy.

The congress examined and discussed the work report of the Eighth Beijing Municipal Committee of the China Association for Promoting Democracy, discussed and decided the work tasks for the coming 5 years, and elected the delegates to the Sixth National Congress of the China Association for Promoting Democracy. The congress elected the ninth municipal committee from a larger number of candidates.

The congress maintained: Now, our country's reform has entered a critical stage. Members of the China Association for Promoting Democracy should unify their thinking, consider the entire situation, and strive to tide over difficulties and solve problems that emerge in the way of our advancing with a clear-cut stand and in cooperation with the CPC, the various democratic parties, the various people's groups, and the people throughout the municipality, to promote the progress of reform.

Xu Jialu, vice president of the Beijing Teachers' University and vice chairman of the Ninth Beijing Municipal Committee of the China Association for Promoting Democracy, delivered a closing speech. He called on all levels of organizations of the municipal committee of the China Association for Promoting Democracy, as well as all their members, to carry on and carry forward the glorious tradition of the China Association for Promoting Democracy; to take active part in state political activities; and to utilize their intellectual advantages to do their professional work well to make new contributions to promoting socialist democracy, strengthening implementation of the "one country, two systems" principle, and realizing the grand goal of unifying the motherland and revitalizing China.

Lei Jieqiong, chairman of the Central Committee of the China Association for Promoting Democracy, made a speech at the closing ceremony.

**Expert Recommends Large Billboards for Beijing**  
**OW0108234588 Beijing XINHUA in English**  
**1124 GMT 1 Aug 88**

[Text] Beijing, August 1 (XINHUA)—An advertising expert in Beijing today suggested that large billboards should be permitted along the main streets in Beijing.

Hu Jiangxin, director of public relations in the Beijing Advertising Corporation, holds that billboards could play an important role in promoting the development of the economy as well as make the capital more beautiful.

Hu, who has for years been engaged in billboard design, said that ingeniously-designed and well-painted billboards will not have any adverse impact on Beijing as the political center of China. On the contrary, they can broaden people's horizons in terms of knowledge and culture awareness.

Prior to 1986, there were some large billboards on Beijing's main streets, most of which promoted foreign product lines, including Sony, Toshiba and Bank de Paris.

The Beijing Municipal Government, however, ordered the removal of all commercial billboards within the city proper as well as those on roads leading outside the capital.

At that time, some students had taken to the streets in opposition to the foreign advertisements being displayed on Beijing main streets. Hu considered some of their slogans then as "radical".

Currently, there are only a few large billboards to be found in some commercial districts like Wangfujing, Xidan and Qianmen.

Hu Jiangxin said that the municipality can set up a billboard-free area around Tiananmen Square, as was the practice before, while lifting the ban elsewhere.

He said that the large billboards, in addition to adding color to the capital, could also be a big foreign exchange earner for the municipality, to the tune of several million U.S. dollars.

Hu expected that the Asian Games which will be held in Beijing in 1990 may promote the development of billboards in the capital.

An official from the Beijing Advertising Corporation said that the volume of national advertising amounted to 1.1 billion yuan last year, including about 70 million yuan earned in Beijing.

## Northeast Region

### **Heilongjiang's Sun At Armed Forces Work Meeting**

*SK0208034688 Harbin Heilongjiang Provincial Service in Mandarin 0900 GMT 1 Aug 88*

[Text] The first meeting of the People's Armed Forces Committee under the provincial party committee opened in the headquarters of the provincial Military District on the afternoon of 1 August. The meeting is aimed at studying the issue of how to conduct education on national defense among all the people.

Sun Weiben, chairman of the People's Armed Forces Committee under the provincial party committee, which had been just readjusted, presided over the meeting at which he first announced the staff namelist of the People's Armed Forces Committee under the provincial party committee.

On 22 (?April) this year, the meeting of the provincial party Standing Committee adopted a decision on readjusting the staff members of the People's Armed Forces Committee, in which Sun Weiben was appointed chairman; Hou Jie, first vice chairman; and Chen Yunlin, Zhou Wenhua, Shao Zhao, Ma Chunwa, and Du Xianzhong, vice chairmen.

During the meeting, (Wang Shihe), deputy director of the Political Department under the provincial Military District, delivered a report on the province's situation in national defense education. In referring to the opinion of carrying out national defense education among soldiers and civilians throughout the province, he stated: Our province has decided generally to conduct education on national defense among soldiers and civilians throughout the province in line with the spirit of the directive issued by the CPC Central Committee, the State Council, and the Central Military Commission, with regard to generally conducting education on national defense among armymen and civilians throughout the country and according to the careful study made by the provincial party committee and the meeting of members from the People's Armed Forces Committee.

In conducting education on national defense, we should regard as a guideline the spirit of the 13th CPC Congress and the 7th NPC Session; should regard as a fundamental basis the Constitution, the military service law, the enterprise law, and document No 22 issued in 1985 by the central authorities; should regard as a basic content the national defense theory, the national defense spirit, the national defense history, the national defense legal system, the national defense knowledge, the national defense system, and citizen's obligation of national defense; and should regard as a basic method the principle of conducting Army-civilian combination and having all levels be responsible for conducting the education.

Shao Zhao, commander of the provincial Military District, also delivered a report on the basic situation in the province's armed force work.

Sun Weiben delivered a summary speech at the meeting.

### **Jilin's He Zhukang Conducts Inspection Tour**

*SK0108084688 Changchun Jilin Provincial Service in Mandarin 2100 GMT 31 July 88*

[Text] During his inspection tour of Siping, He Zhukang, secretary of the provincial party committee and governor, heard briefings given by the Siping Teachers Training Institute and the Siping City central hospital and gave his opinions on education and public health work.

He Zhukang said: Presently, the party committees and governments at all levels and all of society have attached great importance to education. This is a very good trend. Educational funds should be increased every year along with economic development. However, amid the new situation, the fundamental way to accelerate the development of educational undertakings is through reform.

Calling on the leaders of the institute to be good managers, to dare to set strict demands on themselves, to integrate ideological education with strict regulations and rules, to combine the strengthening of democracy with the legal system, and to guarantee good teaching quality, he said: The current reform is in the middle of a critical period. It is good for students to care for reform. We should correctly guide them to realize the entire situation and to unwaveringly support reform.

During his inspection tour to the Siping City central hospital, Comrade He Zhukang said: The public health departments have two problems. The first concerns public health services. The existing method of having the state take full responsibility for all medical funds has many defects. Some people see doctors and take medicines for all their family members, while others wantonly take or prescribe medicines, which results in a big waste of medicine. Medical funds go far beyond the budget. The existing method concerning public health services must be changed. Can we think about linking free medical services with private medical expenses or having the patient bear a certain proportion of the medical fees? Or we could issue a part of the contracted medical funds to the individuals. Certainly, the state will still bear the medical cost for serious illness. The other problem is contract hospital operation. In principle, we may contract with a hospital, but the simple contract method of enterprises should not be applied. To contract with a hospital, we should not have the purpose of earning profits. Instead, we should pay attention to improving service and work efficiency. It is necessary to combine contract operation with the education of medical ethics and morals and to pay attention to revolutionary humanitarianism, saving the dying, helping the sick, and serving the people.

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## REGIONAL AFFAIRS

Comrade He Zhukang said: The occupations of doctors and teachers are respected by the people. Their workload is heavy and their work is toilsome. We should do our utmost to help them solve practical problems. In the future, we should continue to do a good job in these two fields.

**Liaoning Trade Union Council Elects New Members**  
**SK0108092988 Shenyang LIAONING RIBAO**  
*in Chinese 13 Jul 88 p 1*

[Text] At the fifth enlarged plenary session of the Fifth Liaoning Provincial Trade Union Council, Li Guozhong [2621 0948 1813] was elected chairman of the provincial Trade Union Council, and Zhang Chunpei [1728 2504 3099] was elected vice chairman. Li Guozhong is 52 years old. He once served as fitter and technical worker. After that, he engaged in party work in plants. In 1984, he served as deputy secretary of the party group of the provincial Trade Union Council and as the permanent vice chairman. He also served as secretary of the party group during March of this year. Zhang Chunpei once served as chairman of the Benxi City Trade Union Council. At this session, a total of 111 provincial delegates were elected to attend the 11th National Congress of Trade Unions. Our province has the greatest number of delegates attending this congress. Among them, 14.8 percent were workers, teachers, and salesmen. Also recommended at this session were 12 provincial candidates to be elected as members or alternate members of the 11th Executive Committee of the All-China Federation of Trade Unions.

**Liaoning Congress of Peasants, Workers Opens**  
**SK0208033688 Shenyang LIAONING RIBAO**  
*in Chinese 17 Jul 88 p 1*

[Text] The First Liaoning Provincial Congress of the Chinese Peasants and Workers Democratic Party opened in Shenyang on 16 July.

The major items on the agenda of the congress are: listening to and examining the work report of the Liaoning Provincial Preparatory Group for the Chinese Peasants and Workers Democratic Party; electing the 1st Liaoning Provincial Committee of the Chinese Peasants and Workers Democratic Party; electing the delegates to the 10th National Congress of the Chinese Peasants and Workers Democratic Party; and passing the resolutions of the congress.

Ma Jiqing presided over the congress; Deng Zaohao delivered an opening speech; and Xia Dezhao, on behalf of the preparatory group, delivered a work report entitled "Make Conceted Efforts To Deal With Concrete Matters and Blaze New Trials and Struggle To Create a New Situation in the Work of Our Province's Peasants and Workers Democratic Party."

Founded in 1930, the Chinese Peasants and Workers Democratic Party is one of the first political parties to be subject to the leadership of the CPC, has cooperated with the CPC, and has shared weal and woe with the CPC. This party is a political federation of socialist laborers and patriots who support socialism, including intellectuals from medical and public health circles as the main body, and is a political party which serves socialism. By the end of March 1988, the provincial Peasants and Workers Democratic Party had a total of 1,076 members, of whom 76.5 percent were intellectuals from the medical and public health circles, 7.9 percent were intellectuals from scientific and technological circles, and 11 percent were intellectuals from cultural and educational circles.

The Peasants and Workers Democratic Party has actively been involved in and discussed political affairs and has exercised democratic supervision over the state political activities. According to incomplete statistics, over the past few years this party has offered more than 400 suggestions and motions and, in particular, has provided many feasible opinions and suggestions for reforming the medical, economic, educational, and scientific and technological structures and for the untied front work. In the course of doing its professional work well, the party has provided medical, scientific, and technological services to society; has conducted activities to strengthen friendship with Overseas Chinese and with our countrymen residing in Hong Kong, Macao, and Taiwan; and has acted as go-between for importing capital, equipment, and talents from abroad. As a result, it has scored many achievements; its work has been praised by society and has been affirmed by various pertinent departments.

On behalf of the Central Committee of the Chinese Peasants' and Workers' Democratic Party, Yang Lieyu, vice chairman of the Central Committee of the Chinese Peasants and Workers Democratic Party, attended the congress and delivered a speech. In his speech, he called on all members of the party to shoulder the new historical mission and make due contributions to revitalizing China. On behalf of the Liaoning Provincial CPC Committee, Dai Suli, chairman of the provincial Advisory Commission, extended a warm congratulation to the congress and delivered a speech. Liu Chun, vice chairman of the provincial committee of the China Association for Promoting Democracy, delivered a congratulatory speech on behalf of the various democratic parties and industrial and commercial federations.

Present at the congress were responsible comrades of the provincial People's Congress Standing Committee, the provincial government, the provincial CPPCC Committee, and the United Front Work Department of the provincial CPC Committee, including Gu Jingxin, Liu Qingkui, Li Ming, Gao Qiyun, and Huang Yiming, as well as responsible comrades of various democratic

parties. Also attending the congress were delegates from the Jilin and Heilongjiang provincial committees of the Chinese Peasants and Workers Democratic Party.

**Liaoning Accelerates Enterprise Renovation**  
*OW0208024688 Beijing XINHUA in English*  
*1149 GMT 1 Aug 88*

[Text] Shenyang, August 1 (XINHUA)—Shenyang, a major industrial city in northeast China, has speeded up technical renovation of old enterprises by transforming them into joint ventures.

The state-owned Shenyang Chemical Plant, one of the country's major chemical industry enterprises, has been transformed into a joint venture between the plant, a local technological development corporation, and a Hong Kong firm.

Of the registered capital of 110 million yuan, 60 percent has been invested by the local corporation and 30 percent by the Hong Kong side.

With the money the plant will up-date its technology and equipment. It also hopes to introduce advanced management and transform itself into an export-oriented enterprise.

The city's other 50 large and medium-sized enterprises are also calling for overseas money for renovation.

**Liaoning Economic Zone Achieves Initial Success**  
*OW0208023388 Beijing XINHUA in English*  
*1221 GMT 1 Aug 88*

[Text] Dalian, August 1 (XINHUA)—Twenty-one foreign-funded enterprises were set up in the first half of this year in the Dalian Economic Development Zone—almost as many as the total set up over the previous 4 years.

A senior official in this northeast China port city today cited this to show the initial success achieved by the 3-sq-km zone which opened in April 1984 and follows flexible policies to lure foreign capital and expertise.

At the end of June, there were 44 foreign-funded enterprises in the zone, compared to 23 6 months ago, said Tang Maoquan, director of the zone's project promotion center, the sole organ for approving foreign-funded projects.

These involve 872 million yuan (about 230 million U.S. dollars) in capital investment, of which 57 percent has come from the foreign participants.

Half of their products are exported. "This is exactly what we meant to achieve by setting up the zone," Tang said.

The second half of this year will see more foreign-funded projects inaugurated, including a 105 million U.S. dollar floating process glass works, a 50 million U.S. dollar toy factory, a 25 million U.S. dollar antibiotics factory, and a 27 million U.S. dollar refrigerator compressor factory.

The first three will be Sino-American joint venture projects and the fourth, a Sino-Thai project. Japanese firms are setting up six firms independently in the zone this year.

Tang attributed the success to the improved efficiency of the local government. "Investors can have things done with just one official stamp affixed to their applications—the stamp of the Project Promotion Center," he said.

"If they come in to make an application at 8 o'clock, they can get it approved before 10," he continued.

Construction of infrastructure facilities—roads, apartment buildings, hospitals, water and power supply systems, etc.—Has almost been completed in the 3 sq km area since work started on them in 1984.

"We expect the zone to generate at least 400 million yuan in output value this year—equivalent to the total investment made so far in these facilities," Tang said.

**Liaoning Sets Up Military-Civilian Car Company**  
*HK0108152588 Beijing CEI Database in English*  
*1 Aug 88*

[Text] Shenyang (CEI)—The Songliao Joint Automotive Industry Company, China's first military-civilian joint venture specialized in the production of automobiles, was established here on July 26.

With the state-run Songliao Auto Factory the largest light automobile producer of the Chinese Army as the mainstay, the company is composed of 13 military factories and 24 local enterprises as well as research institutes and colleges.

**Northwest Region**

**Ningxia Plans 4 Economic Zones in Next 5 Years**  
*OW0208001588 Beijing XINHUA in English*  
*0608 GMT 1 Aug 88*

[Text] Beijing, August 1 (XINHUA)—The Ningxia Hui Autonomous Region, one of northwest China's underdeveloped areas, has planned to set up four economic development zones during the next five years.

According to today's "PEOPLE'S DAILY," the four zones will be built in rural Yinchuan, the region's capital, and in Yinbei, Yinnan and Guyuan Prefectures, which boast fertile land and plentiful energy resources.

Yinchuan will be built up into an industrial center for the production of machinery, chemicals, light industrial products, textiles and food.

Yinbei Prefecture, which has the region's best energy supply, will develop the coal, electricity, iron and steel, metallurgy, carbon and ceramics industries.

Yinnan Prefecture will expand the existing Qingtongxia Power Station, Lingwu Coal Mine and Yanchi Natural Gasfield, while Guyuan Prefecture will focus on animal husbandry and building materials.

Priority will be given to several key projects in the four zones while also developing township enterprises in the mountainous areas of southern Ningxia to help local farmers raise their standard of living, the paper said.

**Shaanxi Urges Protection for Enterprise Leaders**  
HK0208015588 Xian Shaanxi Provincial Service  
in Mandarin 2330 GMT 1 Aug 88

[Text] The provincial Public Security Department recently issued a circular calling for properly ensuring the personal safety of enterprise leaders. The circular

said: In recent years some cases of injuring enterprise leaders or violating their legitimate rights have occurred in Shaanxi. This has seriously hampered the enterprise leaders in exercising their powers in accordance with law and affected the smooth progress of production and construction in the enterprises.

To ensure the personal safety of enterprise leaders and promote the continual deepening of economic structural reforms, the circular demands that all localities and departments seriously investigate and deal with cases that have occurred in recent years of harming the personal safety of enterprise leaders and violating their legitimate interests. We must punish according to law hooligan activities such as deliberately injuring enterprise leaders, hampering with threats of violence the state work personnel in the lawful execution of their duties, collecting mobs to beat up enterprise leaders, and so on, arising from discontent with the pace of reform.

**Chiang Ching-kuo's Brother Calls for Unity**  
*HK0108082088 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1012 GMT 29 Jul 88*

[Report: "Chiang Wei-kuo Says: Unity Will Lead to Coprosperity, But Division Can Only Do Harm to Both Sides"]

[Text] Hong Kong, 29 Jul (ZHONGGUO TONGXUN SHE)—According to a Taipei dispatch, a "CENTRAL NEWS AGENCY" report stated that Chiang Wei-kuo, Secretary General of the Taiwan Security Council, said: China must be unified. The mainland and Taiwan will thrive when united and languish when divided.

Chiang Wei-kuo said this when he was giving a special speech on "News and Strategy" at the Taipei city center for the activities of men and officers of the air and naval forces yesterday afternoon at the invitation of an association of news editors of Taiwan.

Chiang Wei-kuo said: "The Three People's Principles should be taken as a basis for unifying China."

**Mainland Inspection Group Meets CPPCC Official**  
*OW0208013188 Beijing XINHUA in English 1412 GMT 1 Aug 88*

[Text] Beijing, August 1 (XINHUA)—Zhou Peiyuan, vice chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), met with a visiting group from Taiwan here this morning.

Zhou expressed his hope that the mutual understanding between people at both sides of the Taiwan Strait will be strengthened.

He also answered questions from guests on the mainland affairs inspection group about the history, status and role of the CPPCC and democratic parties.

This afternoon, the group visited Beijing University and was received by Ding Shisun, president of the university.

**Investments in Xiamen Increase 1st Half of 1988**  
*OW0108125688 Fuzhou Fujian Provincial Service in Mandarin 1000 GMT 27 Jul 88*

[Excerpts] According to a ZHONGGUO XINWEN SHE dispatch from Xiamen, Xiamen has been actively maintaining international contacts since the beginning of this year. [passage omitted]

According to the departments concerned, during the 1st 6 months of this year Xiamen approved 80 foreign investment projects, involving a total of over \$125 million. [passage omitted]

The Xiamen municipal government disclosed that, because of economic changes in the world and the relaxation of tension on both sides of the Taiwan Strait, there has been a substantial increase of Taiwan investments in Xiamen. During the 1st half of the year, Taiwan businessmen invested a total of over \$36 million on 32 projects, exceeding the total investment for the preceding 5 years. For the first time, the number of enterprises financed by Taiwan capital topped the number of projects financed by foreign capital.

Xiamen's processing services and compensatory trade, which used to be sluggish, have developed significantly since the beginning of this year. During the 1st 6 months, Xiamen and foreign businessmen signed 261 contracts for assembling parts the latter supply, earning over \$6.3 million of labor services for Xiamen. [passage omitted]

**Deng Xiaoping Said To Reiterate Threat of Force**  
*OW0108160288 Taipei Domestic Service  
in Mandarin 2300 GMT 31 Jul 88*

[Text] The just-published Hong Kong monthly CHENG MING reports that top-ranking Beijing leaders are concerned about the political and economic progress in Taiwan. The head of Chongnanhai, Teng Hsiao-ping, said that the CPC's policy of ultimately using force to liberate Taiwan will not change.

It is reported that the summit meeting currently under way at Beidaihe is focusing primarily on Mainland China's inflation and secondly on the Taiwan issue.

CHENG MING magazine, which frequently reveals the inside stories of Chongnanhai, says that the formulation of a new Mainland China policy by the 13th KMT [Kuomintang] Congress and the acceleration of democratization in Taiwan are creating pressure for the CPC.

Teng Hsiao-ping, after hearing work reports concerning Taiwan, suggested continuation of the threat to use force against Taiwan.

**Reform-Maoism Clash Cancels Mainland Meeting**  
*OW0208060388 Taipei International Service  
in English 0200 GMT 2 Aug 88*

[Station commentary "Peking Cancels Economic Sunmit"]

[Text] In a reversal that has left many Western diplomats flabbergasted, the Chinese Communist regime in Peking has abruptly canceled the remaining portions of an economic summit that opened in mid-July. The summit was being held to plot future economic strategy and was attended by most top-ranking Communist Party officials.

Peking has openly admitted in an article published in the PEOPLE'S DAILY that the meeting broke down due to irreconcilable differences among factions in the party. Western observers in Peking have described the cancellation of the meeting as a direct setback for Communist Party chief Chao Tzu-yang.

Like Communist China's paramount leader Teng Hsiao-ping, Chao is considered a leading proponent of economic reform. Both Chao and Teng have vigorously pursued the introduction of market-oriented reforms. Beginning in 1979, when Teng came to power following the disastrous Cultural Revolution and the demise of Mao Tze-tung, Communist China has experimented with such capitalist style reforms as private enterprise, price deregulation, and less party intervention in factory management, leaving managers to fend for their own profits and losses.

The reforms have helped in limited ways to raise living standards, specially in rural areas, where farmers may sell excess or privately grown produce to private markets, but to diehard Maoists still lurking in the Chinese Communist Party hierarchy, Teng's reforms are a grave form of heresy, running counter to the ideological dogma of Marxism-Leninism-Maoism, upon which the communists base their very legitimacy. These hardheaded communist conservatives refuse to give in to the idea, or even the fact, that the masses of Chinese on the mainland of China are fed up with communism and Maoism. Deaf to the people's cries for economic freedom and democracy, the ossified Maoists still do everything in their power to hold on to power.

This was apparently the shape of things at the now defunct summer economic summit. Reports say that the two factions became deadlocked over the issue of collective ownership of all property. The immediate issue was the current policy of instituting price and wage reforms, which has been described as the most ambitious assault yet taken against Communist China's traditional iron rice bowl mentality. The reformists argued that such reforms are necessary. The Maoists countered that may be so, but they also insisted that public ownership of property not be compromised in the reform process. They called public ownership the bedrock of the communist system.

The two sides became deadlocked over the linkage of continued reforms and preservation of public ownership of property. Reports from Peking say the breakdown of the economic summit will most likely delay the reform process. That presents a worrisome specter for those reformists who understand clearly the need for change and progress. Unlike the selfish Maoist holdouts, they see clearly that the Communist Party faces a reform or die future.

**Li Teng-hui Worried Over ROK Communist Policy**  
*OW0108235388 Taipei CNA in English 1543 GMT  
1 Aug 88*

[Text] Seoul, Aug. 1 (CNA)—President Li Teng-hui of the Republic of China [ROC] on Taiwan said the ROC is trying to bring a free, democratic and prosperous life to its compatriots on the China mainland.

In an interview with the CHOSUN ILBO, carried in its Tuesday edition, Li said his government's major concern in making its mainland policy is to make the Chinese on the mainland enjoy as happy a life as their compatriots on Taiwan.

"This may sound difficult, but we are confident we can achieve it," said President Li, who also heads the ruling Kuomintang.

Asked about his ideas of free China traveling into the 21st century, the president said the ROC will carry through the democratic constitutional rule in the political field. Economically, he continued, the ROC will try to accomplish "complete liberalization and internationalization."

In the foreign affairs, the ROC will strengthen its friendly and cooperative relations with all countries, said the president. Culturally, he said, the ROC will promote exchanges between the oriental and Western groups of countries while assimilating all good points in other cultures.

If the ROC's opposition parties come up with "positive and feasible" suggestions, the government will try its best to adopt them, said the president.

As to the idea of an "independent Taiwan" which is advocated by a "very small minority," President Li said the government can never tolerate it for the sake of national security.

He said the ROC and the Republic of Korea, both NICs [newly industrialized countries] standing in the front lines for combating communism, now have some differences in their policies towards the communists. "This is worrying," he said. He was referring to South Korea's policy of seeking "cross recognition" of both Koreas by surrounding big powers in order to ensure peace and stability on the Korean Peninsula. The ROC sticks to its "three-no" policy of no contacts, no talks, and no compromises with the Chinese communists.

"I think any fancy about communist regimes will bring about severe consequences. So we must be extremely cautious (in dealing with them)," he advised.

He said the ROC bears a great significance in the power structure in Northeast Asia as it links the Northeast Asian region and the Southeast Asian region in the Western Pacific. The ups and downs of communist and anti-communist forces in these two regions directly influence peace and stability in this area, President Li said.

**Li Teng-hui Reiterates 'Three No's' Policy**  
*OW0108080488 Taipei Domestic Service in Mandarin*  
*2300 GMT 29 Jul 88*

[Text] President Li on 29 July emphasized that it is necessary to uphold the "three no's" policy and maintain the status quo in relations between the two sides of the Taiwan Strait because the Chinese Communists have always treacherously tried to isolate us on the international stage. He said: It is impractical to suggest expanding nongovernmental contacts and economic and trade relations with the mainland as long as the Chinese Communists seek to isolate us in the world.

President Li also stressed: Our fellow countrymen must not harbor illusions about the Chinese Communists. There is no need to explore the mainland market. There are still great opportunities in the U.S., Japanese, and EEC markets. We must not harbor illusions about the mainland market and fall into the trap of united front tactics of the Chinese Communists.

President Li made these remarks when he met with a group of legislators on the afternoon of 29 July. He and the legislators exchanged views on policy toward the mainland.

**Minister Reiterates No Direct Trade With Mainland**  
*OW0108045988 Taipei CNA in English*  
*0238 GMT 1 Aug 88*

[Text] Taipei, Aug. 1 (CNA)—The Ministry of Economic Affairs will continue to disallow direct trade between the two sides of the Taiwan Strait before the Republic of China [ROC] Government makes further adjustment on its mainland policy, Economics Minister Chen Li-an said here last Saturday.

Chen pointed out that President Li Teng-hui has made it clear time and again that except for local residents' visits to their mainland relatives, the government has not yet considered making changes in other aspects of the mainland policy.

While acknowledging the need for an overall review of the ROC's mainland policy, the economics minister said such a new policy must be supported by national strength and should never smack of romanticism.

"I can understand the expectations of our industrialists and businessmen about the market and raw materials on the mainland, but we must first know how strong we really are and what consequences may follow if the door is open," he said.

National security, Chen stressed, has to be considered above anything else in the making of the mainland policy.

**Official Expresses Optimism for OECD Membership**  
*OW0208060888 Taipei CNA in English 0333 GMT*  
*2 Aug 88*

[Text] Taipei, Aug. 2 (CNA)—Vincent Siew, director general of the Board of Foreign Trade [BOFT], Monday expressed optimism about the Republic of China's [ROC's] entering the Organization for Economic Cooperation and Development (OECD), a group which comprises the world's 24 major industrialized countries.

Siew said BOFT overseas representatives have approached the prestigious organization about the ROC's intention of applying for membership and that

the response received is encouraging. The director general revealed that it happened that the OECD authorities are seeking to open a dialogue with the ROC and other newly industrialized countries.

He said the time is just right for the ROC to join the world body. He referred to Taiwan's sustained economic expansion, rapidly growing two-way trade and its efforts to liberalize the economy.

Siew further reported that the government is seeking to take part in the General Agreement on Tariffs and Trade and that a special panel has been set up for making all the necessary preparations.

**Loosening of Restrictions on Investments Abroad**  
*OW0208060088 Taipei CNA in English 0247 GMT*  
*2 Aug 88*

[Text] Taipei, Aug. 2 (CNA)—The Ministry of Economic Affairs [MOEA] will soon loosen its restrictions on Republic of China [ROC] citizens investing less than U.S. \$1 million abroad, a ranking MOEA official said Monday.

MOEA will soon draft "measures governing the handling and screening of investments abroad," Wang Chih-kang, executive secretary of the MOEA Investment Commission, told CNA. According to the regulations, Wang said, local investors will no longer need to apply to the government to invest less than U.S. \$1 million overseas.

"The only thing they will have to do is to report to the government," Wang said.

Explaining the reason for relaxing the restrictions, Wang said that since the government has greatly eased its foreign exchange controls, the current strict restrictions on foreign investment are no longer necessary.

The existing restriction that local enterprises with total capital less than NT dlrs [new Taiwan dollars] 20 million (U.S. \$0.7 million) are not permitted to invest in other countries will also be canceled, Wang said.

**Official Notes Efforts To Diversify Trade**  
*OW0208055888 Taipei CNA in English 0244 GMT*  
*2 Aug 88*

[Text] Taipei, Aug. 2 (CNA)—The Republic of China's [ROC's] foreign trade will reach U.S. \$200 billion in 1992, making the nation the world's 10th largest trading nation, a leading trade official said Tuesday.

Vincent Siew, director-general of the Board of Foreign Trade, in a report to Economics Minister Chen Li-an Monday, said the board had actively implemented its five-year market diversification plan.

In addition to strengthening foreign trade, the board is trying to decrease dependence on the U.S. market. Exports to the United States will drop to under one-third of the nation's total exports by 1992, Siew said.

Efforts to diversify foreign markets have had results during the first half of 1988, with exports to the United States dropping to 38.8 percent of the nation's total exports compared with 45.2 percent for the same period of 1987, Siew said.

Chen directed the board to strengthen trade laws and to increase market diversification and personnel training to further expand the nation's foreign trade.

**\$10 Billion Trade Surplus Expected for 1988**  
*OW0108050588 Taipei CNA in English 0310 GMT*  
*1 Aug 88*

[Text] Taipei, Aug. 1 (CNA)—The Republic of China's [ROC's] foreign trade for 1988 should reach U.S. \$110 billion, a ranking Ministry of Economic Affairs [MOEA] official said Sunday. Based on statistics compiled by economic and trade authorities, the MOEA official said the nation's foreign trade totaled U.S. \$61 billion as of July 23.

As the fourth quarter is traditionally a boom season for local traders, both for exports and imports, the MOEA official anticipates no problems in hitting the U.S. \$110 billion mark. Even though the nation's trade has continued to grow steadily in 1988's first seven months, its trade surplus, on the contrary, should drop to some U.S. \$10 billion, the official added.

"This is very good, because the forecast trade surplus cuts will help in adjusting the nation's trade infrastructure," the official said.

He also pointed out that the figures and studies by some economists indicate that local businesses, especially the small- and medium-size ones, are showing great flexibility in coping with the New Taiwan dollar's sharp appreciation.

**Li Meets With St Lucia Parliament Representative**  
*OW0208004588 Taipei CNA in English 1529 GMT*  
*1 Aug 88*

[Text] Taipei, Aug. 1 (CNA)—President Li Teng-hui received Wilfred St. Clair Daniel, speaker of Saint Lucia's parliament, at the presidential office Monday for an exchange of opinions on ways to enhance relationships between the two countries.

In the meeting, Daniel, on behalf of his nation, thanked President Li for the economic assistance given by the Government of the Republic of China [ROC] to Saint Lucia during the past several years.

President Li, in return, told his visitor that the ROC's economic cooperation programs with other countries not only are based on diplomatic interests but also aim to help enhance the living standards of the people of friendly countries.

Li also told Daniel that after 40 years of communist rule on the Chinese mainland, even though some relics remain, the spirit of traditional Chinese culture has been completely lost. This demonstrates that the three principles of the people based on traditional Chinese culture are the only approach that can effectively resolve the Chinese problem, and the only way to bring happiness to all the Chinese, he said.

Also present during the meeting were Shen Chang-huan, secretary-general to the president, and Vice Foreign Minister Charles Shu-chi King.

Daniel also called on the National Assembly and was warmly greeted by Irvine W. Ho, assembly secretary-general, and a group of assemblymen.

In his welcoming address, Ho spoke highly of the beautiful scenery of Saint Lucia, saying that it is the most beautiful country of the Caribbean region. Ho added that even though Saint Lucia is far away from the ROC geographically, with their mutual belief in freedom and democracy, the peoples of the two countries are able to cooperate with each other sincerely, and to set a good example for international community to emulate.

The meeting was held under a very pleasant atmosphere, with Ho later hosting a dinner to entertain Daniel.

Earlier in the day, Premier Yu Kuo-hua also met with the Saint Lucia dignitary at the Executive Yuan.

Premier Yu said the ROC's successful experience shows that, despite a shortage of natural resources, a nation can still develop very well as long as its people work hard. The development model of the ROC can serve as a reference for other developing countries with which the ROC Government is willing to share its experiences, Yu added.

Yu also exchanged opinions with Daniel on the production and marketing strategies for agricultural produce in both countries.

#### **Premier Worried Over Student Utilitarian Concept**

OW0208052088 Taipei CNA in English 0236 GMT  
2 Aug 88

[Text] Taipei, Aug. 2 (CNA)—Premier Yu Kuo-hua said Monday education's ideal should be to help students develop sound personalities instead of merely teaching factual knowledge. The premier, speaking at a panel session of the National Development Seminar being held

in Taipei, spoke of his worries over the utilitarian concepts pervasive among local students. He said he wondered if it were wise for them to care only for short-term interests.

To curb such a trend, Premier Yu said schools should pay more attention to helping students form a sound personality in addition to teaching them book knowledge.

Yu also exchanged opinions with scholars participating in the seminar on the advantages and disadvantages of the entrance examination system used by the schools of the nation. Admitting that the system is not perfect and that there have been lots of controversy, the premier said the system will have to continue until a better system is available. At least, he said, the system is a fair one that provides all students with an equal opportunity to enter the schools they prefer. Premier Yu asked the scholars, however, to make more suggestions on ways to improve the system.

At another panel session Monday, Ma Ying-jeou, chairman of the Research, Development and Evaluation Commission, said the ruling Kuomintang (KMT) has not ruled out the possibility of enacting a "political party law." Ma, former deputy secretary-general of the KMT Central Committee, said the ruling party will make a final decision on whether the law should be enacted after reviewing the implementation results of the "Civic Bodies Organization Law," now pending approval in the Legislative Yuan. At present, Ma said that as far as he knew only four countries have enacted political party laws. Nations without such laws are not necessarily undemocratic, and nations with the laws are not guaranteed to be more democratic than others, he noted.

Responding to suggestions by some scholars that the government enact the law as soon as possible, Ma said the enactment of any laws and regulations must be done according to the political and social environment of a nation. Ma pointed out that the KMT decided to enact the "Civic Bodies Organization Law" first and to evaluate the implementation of the law before deciding whether to enact the political party law. "The KMT has not ruled out the possibility of enacting such a law," he stressed.

Meanwhile, Wang Chao-ming, vice chairman of the Council for Economic Planning and Development, told another panel session of the National Development Seminar that allowing alien workers to enter the local laborer market might not offer a real solution to the labor shortages faced by the nation's labor-intensive industries. Such labor-intensive industries as textiles, shoes, umbrellas and construction should not normally develop further in the nation because of the changed economic and social situation here, Wang said. The government should assist the factories to switch to higher value-added industries or to encourage them to move overseas.

Wang also suggested that the government announce a clear-cut policy on local business investments in the China mainland as a part of its policy of gradually opening to the mainland.

**Visa Procedures Simplified for Foreigners**

*OW0108045788 Taipei CNA in English  
0251 GMT 1 Aug 88*

[Text] Taipei, Aug. 1 (CNA)—The Ministry of Foreign Affairs [MOFA] announced last Saturday that starting Aug. 1, the ministry will simplify visa procedures for foreigners who apply to visit or reside in the Republic of China [ROC].

According to a MOFA statement, citizens of nations with or without diplomatic relations with the ROC that maintain cordial relations with the nation will no longer be required to present letters of guarantee when applying for visas to visit or reside in the ROC.

The new measure is applicable to citizens of other nations and persons without nationality if they are invited to attend international meetings here by ROC Government agencies, public enterprises, universities and research institutions, the statement said.

**Suspected AIDS Carrier Discovered in Taipei**  
*OW0208055588 Taipeh CNA in English 0248 GMT  
2 Aug 88*

[Text] Taipei, Aug. 2 (CNA)—The Veterans General Hospital discovered a suspected AIDS carrier Monday after screening a blood sample submitted by a medical service center in Taipei, hospital authorities announced. The hospital said the blood sample was picked up from an anonymous man at a Taipei medical laboratory last Thursday. It is trying to get in touch with the AIDS suspect by all means for a further examination and eventual medical treatment.

The announcement by the veterans hospital of the new AIDS case was the second in one week that has terrified the local medical circles.

The condition of the first woman AIDS carrier of the Republic of China, uncovered by the medical college of Kaohsiung, southern Taiwan, last week, appeared to be worsening Sunday as she had a persistent high fever at 39.5 degrees Celsius and her white blood cells had fallen to 1,600 units per square millimeter. The medical college hospital said as the condition of the woman, a prostitute, remains unstable, they are pessimistic about her chances.

## Hong Kong

**Group To Ask SRV To Publicize Refugee Policy**  
*HK0208010188 Hong Kong HONGKONG STANDARD  
in English 2 Aug 88 p 1*

[By Juanito Concepcion]

[Text] Hong Kong will ask Vietnam to publicise the territory's new boat people screening policy to try to stop refugees from coming to Hong Kong. The request is among several priority items that a Hong Kong delegation will discuss with Vietnamese officials when they begin a meeting in Hanoi tomorrow to tackle the boat people problem.

The Hong Kong and British governments hope that making the Vietnamese aware of the new policy will discourage them from flocking to the territory and help check the growth of boat people in detention camps. More than 21,000 refugees are detained in various holding centres.

Hong Kong's delegation is led by the Political Adviser, Mr Dick Clift, and includes the Secretary for Security, Mr Geoffrey Barnes, and Mr David Colvin, the head of the Foreign and Commonwealth Office's South East Asian division.

The acting Refugee Co-ordinator, Mr Mike Hanson, said the two top priorities were to obtain Vietnam's assistance in spreading information about Hong Kong's screening policy, and to try to stop its people from leaving Vietnam illegally. He added that Vietnam would also be asked to accept repatriated boat people.

Hanoi—whose invitation for talks on the boat people was regarded as a major breakthrough—has already indicated willingness to accept voluntary repatriation, but has given no timetable.

Mrs Carrie Yau, principal assistance secretary of the Security Branch, said: "We will certainly ask them to publicise our new screening policy to stem the outflow by providing better surveillance on the popular points of departure for refugees." She hoped the policy would effectively deter refugees from coming to Hong Kong.

"It is our intention to announce to the world the screening results as soon as possible. We want to let people know that those who are screened out will be repatriated to Vietnam after an agreement is reached," she said.

Mr Colvin said he hoped Hong Kong's new policy would eventually serve as an effective deterrent to the entry of more boat people to the territory.

The government abandoned its first asylum policy on June 16 and adopted a new one under which economic migrants would be screened out from political refugees. Political refugees are to be housed in refugee camps until they can be

resettled in other countries. Economic migrants will be sent back to Vietnam, after a guarantee has been obtained that they will not be maltreated on their return.

Wire-service reports yesterday quoted certain United Nations (UN) officials who said Vietnam had expressed its readiness to take back boat people who wished to return. The officials recently visited Hanoi.

But Mrs Yau said this would not solve the problem because of the small number of people who wanted to return to Vietnam. In the past few years, only about 10 Vietnamese had gone back to Vietnam under a voluntary repatriation programme, she added.

"We have received reports they went back safely and happily. But repatriating a very small number would not create an impact on the problem," she said.

Mr Colvin said the principle objective of the talks was "to explore the circumstances under which they will accept boat people who would be screened out by Hong Kong's new policy."

"We want to secure their cooperation in doing something about this problem. One aspect of this cooperation is asking them to stop people from coming out or to see an orderly departure programme as a method for people wishing to come out of Vietnam," he added. He said they would listen to what Vietnam had to say on the problem and find out whether it would set any terms and conditions for taking back economic migrants.

Mr Colvin declined to say what response would be made if Vietnam sought economic aid as a condition for accepting the repatriation of boat people.

Mrs Yau said the government would approach this issue very cautiously.

"The last thing that we want is to put ourselves in a position where we would be asked to meet stringent terms and conditions," she said. She added that aid is a foreign relations matter that would have to be dealt with by the British government, if it was brought up in the talks.

After the talks with Vietnam, the United Kingdom would probably consult all interested governments who are saddled with the boat people problem, Mr Colvin said. He said a cooperative effort—including that of the UN High Commission for Refugees—was needed because the problem affects many countries, not only the United Kingdom and Hong Kong.

**PRC Requests Local Presence in Daya Plant Group**  
*HK0208010988 Hong Kong HONG KONG STANDARD  
in English 2 Aug 88 p 3*

[Text] Central Chinese nuclear authorities have requested the formation of a consultative body on the Daya Bay nuclear plant with participation from Hong Kong. The

move satisfies members of the Legislative Council's Daya Bay ad hoc group, which wanted the blessing of central mainland authorities for any consultative group.

"The ministry has taken the initiative by organising the consultative body," said Mr Wong Po-Yan, convenor of the Legco group.

The body is to be organized by the Guangdong Nuclear Power Joint Venture Company (GNPJVC). A representative of the Ministry of Nuclear Industry under the State Council will be included.

Mr Wong said that requests supported by a majority of members of the consultative body would be relayed to the Ministry of Nuclear Industry. Mr Wong has been invited to participate in the body and said he would accept.

The GNPJVC is still working on the terms of reference and membership of the group. Legislative councillors Mr Stephen Cheong and Ms Maria Tam are also likely to be members, as are environmentalist Mr Wan Seklun and Basic Law Consultative Committee members Mr Raymond Ho, an engineer, and Dr Raymond Wu. Mr Ho said yesterday he would accept the invitation. Members are expected to serve a two-year term.

Representatives of the Royal Observatory, the Hong Kong Polytechnic and the Director of Electrical and Mechanical Services are expected to be invited to join the group, but activist Reverend Fung Chi-wood said he is disappointed that no opponents of nuclear power are included.

"The public would expect members of the body to inform the public about the Daya Bay nuclear project. But I wonder if members would have the courage to do that if anything went wrong," said Rev Fung, of the Joint Conference for the Shelving of Daya Bay.

The activists have said that any consultative body under the GNPJVC would be powerless to monitor the \$28.8 billion project. They say the body could only play a real monitoring role if it was directly responsible to the National Nuclear Safety Administration (NNSA), responsible for the issue of permits for nuclear plants.

Mr Wong said it is reasonable for the GNPJVC to organise the body, as the Daya Bay nuclear plant was being built by the company.

**Official in Charge of 1997 Handover on Basic Law**  
HK0208011188 Hong Kong SOUTH CHINA  
*MORNING POST* in English 2 Aug 88 p 2

[By Viola Lee]

[Text] Mr Barrie Wigginham, the Secretary for General Duties and Hong Kong's top official in charge of the 1997 handover, yesterday called for consensus on controversial issues in the first draft of the Basic Law.

In a rare public comment on the draft, Mr Wigginham said that if the local political groups could not establish some common ground during the consultation period, the drafters would have to put together the final draft by themselves. Mr Wigginham said a consensus view was gradually emerging in three issues of public concern:

Whether the Basic Law would ensure the future Special Administrative Region (SAR) enjoyed a high degree of autonomy as provided in the Joint Declaration;

Whether there was adequate provision for basic rights and freedoms in the SAR;

Whether there should be legally binding provisions in the Basic Law which would restrict the autonomy promised in the Joint Declaration for the future government in formulating its economic, fiscal or other policies.

Mr Wigginham said given that there were four options for constituting the legislature of the SAR, and five options for selecting the Chief Executive, it was natural to get divergent views supporting each of the options.

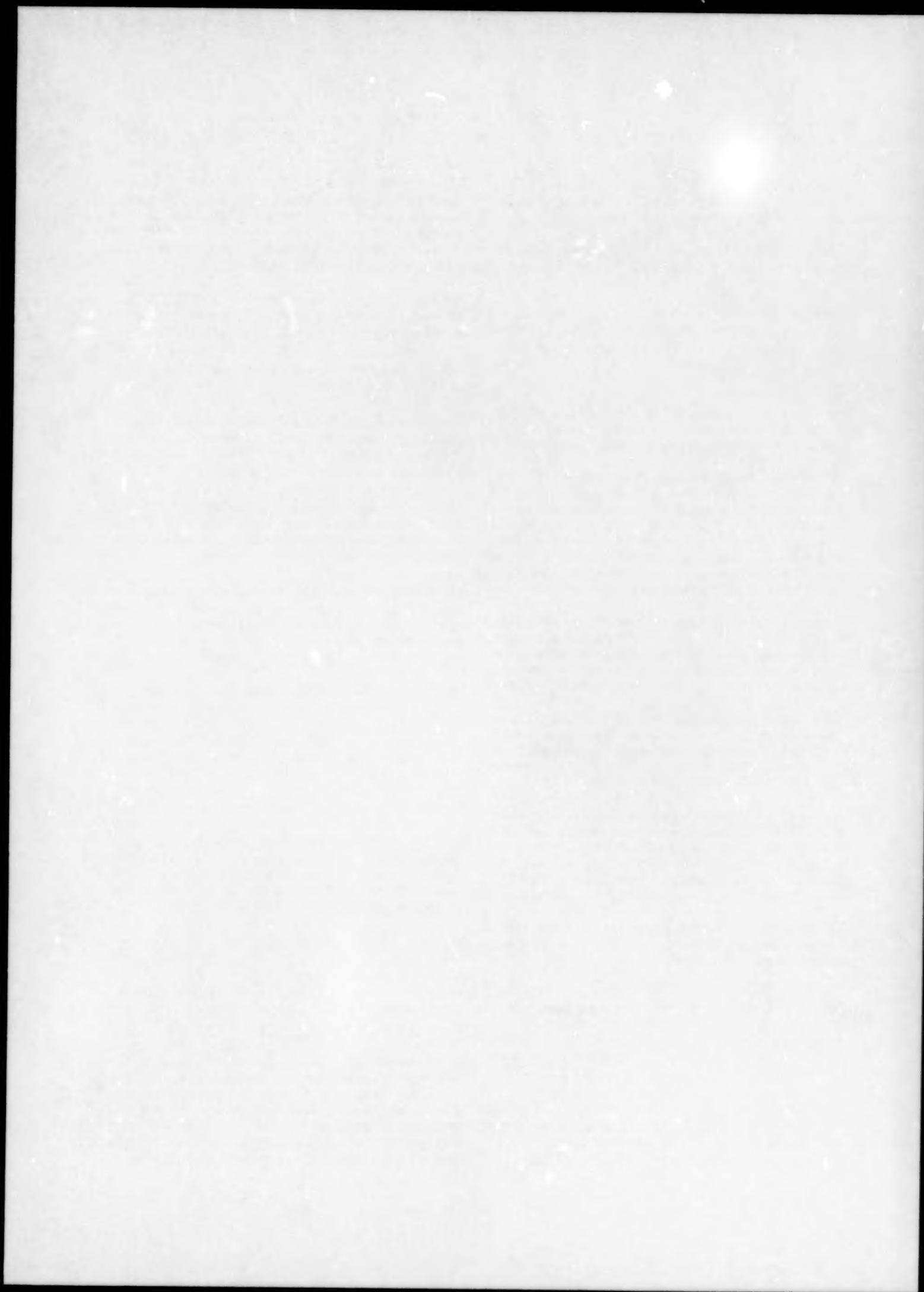
Mr Wigginham, who is responsible for co-ordinating matters relating to the 1997 question, said it was not surprising that the first draft of the Basic Law was not perfect as there were genuine drafting problems in dealing with two very different legal systems.

"The question can be asked whether in an attempt to be comprehensive the drafters have included some items which may not be appropriate to a constitutional or legal document," he said. But Mr Wigginham added: "What may have been overlooked, in the midst of the resulting criticism, is the fact that most of the current draft of the Basic Law does indeed reflect the promises of the Joint Declaration—in some cases, as we can see, actually word by word."

Mr Wigginham stressed that he was commenting on points that had been made in public debates, and they did not represent either his view or that of the Hong Kong Government, which, he said, if they had any, would be passed on to the Chinese authorities through proper channels.

He said they did not necessarily have to reflect their opinions through Mr Paul Fifoot, a legal adviser at the British Foreign and Commonwealth Office, who was invited to visit here on Thursday. Mr Wigginham said Mr Fifoot would familiarise himself with issues and the Basic Law was bound to feature in the discussions.

In his speech, Mr Wigginham also listed extensively the achievements and growing inter-dependence between Hong Kong and China over the past five years, which were positive indicators for Hong Kong's future. Mr Wigginham added that promises made in the Joint Declaration were being fulfilled, and that Hong Kong's high degree of autonomy was being established in very real and practical ways.



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